

This base prospectus was approved by the Swedish Financial Supervisory Authority on 2 July 2020.

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**DANSKE HYPOTEK AB (publ)**

*PROGRAMME FOR CONTINUOUS ISSUANCE OF COVERED BONDS*

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*Arranger*

Danske Bank A/S, Danmark, Sverige Filial

*Dealers*

Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ)

## Important information

### Definitions and references

In this base prospectus (the “**Prospectus**”), the “**Issuer**” means Danske Hypotek AB (publ) and the “**Parent**” means Danske Bank A/S. The “**Group**” means the Parent with all its subsidiaries from time to time (each a “**Group company**”). The “**Swedish Branch**” means Danske Bank A/S, Danmark, Sverige Filial, with registration number 516401-9811. The “**Arranger**” means Danske Bank A/S, Danmark, Sverige Filial.

“**Euroclear Sweden**” refers to Euroclear Sweden AB. “**Nasdaq Stockholm**” refers to the regulated market of Nasdaq Stockholm AB. “**SEK**” refers to Swedish kronor, “**EUR**” refers to Euro. “**Cover Pool**”, “**Supplemental Assets**” and “**Public Credits**” have the meaning as set out in the section “*Summary of the Swedish Covered Bond Legislation*”. The “**Issuer Cover Pool**” means the Issuer’s Cover Pool from time to time.

This Prospectus shall be read in conjunction with any documents incorporated by reference (see the section “*Legal Considerations and Supplementary Information*” and its sub-section “*Documents incorporated by reference*”), the Final Terms for each Covered Bond Loan (as defined below) and any supplements to this Prospectus.

Words and expressions defined in the General Terms and Conditions for Covered Bond Loans (the “**General Terms and Conditions**”) have the same meanings when used in the Prospectus, unless expressly stated or otherwise follows from the context.

### Background

The Issuer has in accordance with this Prospectus and the programme herein for continuous issuance of covered bonds (*säkerställda obligationer*) (the “**Programme**”), resolved to continuously issue covered bond loans (*säkerställda obligationslån*) (“**Covered Bond Loans**” or, when referred to individually a “**Covered Bond Loan**”) in SEK or EUR in accordance with the Swedish Issuance of Covered Bonds Act (*Lag (2003:1223) om utgivning av säkerställda obligationer*) (the “**Covered Bonds Act**”) (“**Covered Bonds**” or, when referred to individually, a “**Covered Bond**”).

The Issuer obtained a licence by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFSA**”) on 26 June 2017 to conduct financing operations under the Swedish Banking and Financing Business Act (*Lag (2004:297) om bank- och finansieringsrörelse*) (the “**Banking and Financing Business Act**”) and to issue covered bonds in accordance with the Covered Bonds Act. Decisions to raise Covered Bond Loans are made by persons who are authorised by the board of directors, or such person(s) authorised by them, to sign for the Issuer. The loan amount under each Covered Bond Loan is determined once the sale of such Covered Bond Loan has been closed, *i.e.* on the relevant maturity date of each Covered Bond Loan. The minimum Nominal Amount for each Covered Bond will be EUR 100,000 or the corresponding amount in SEK.

This Prospectus has been approved and registered by the SFSA pursuant to the provisions of Article 20 in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “**Prospectus Regulation**”). Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Prospectus is correct and complete. This Prospectus is a base prospectus in accordance with Article 8 of the Prospectus Regulation.

This Prospectus is not a recommendation to subscribe for or to acquire Covered Bonds issued under the Programme. Any recipients of this Prospectus and/or any Final Terms, must make their own assessment of the Issuer and the Covered Bonds based on this Prospectus, the documents incorporated by reference (see the section “*Legal Considerations and Supplementary Information*” and its sub-section “*Documents incorporated by reference*”), the Final Terms of each Covered Bond Loan and any supplements to this Prospectus.

### Restrictions

This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, the Covered Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Covered Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Covered Bonds implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have not been any changes in the Issuer’s or the Group’s business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Prospectus Regulation.

### MiFID II Product Governance

In respect of each issue of Covered Bonds, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Covered Bonds and determine the appropriate channels for distribution for such Covered Bonds. Any person subsequently offering, selling or recommending such Covered Bonds (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Covered Bonds (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing House participating in the issue of Covered Bonds is a manufacturer in respect of such Covered Bonds. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section “*Risk Factors*”. The forward-looking statements included in this Prospectus apply only as of the date of the Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and/or the Group or persons acting on behalf of the Issuer is subject to the reservations in or referred to in this section.

The Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group operates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

### General information

The issue price of the Covered Bonds issued under each Covered Bond Loan is presently unknown. The price for the Covered Bonds is variable and depends, among other things, on the effective market interest rate for investments with a corresponding duration and coupon.

Each Covered Bond will be registered in the account based system of Euroclear Sweden or of any other clearing organisation. Bearer notes representing Covered Bonds will therefore not be issued. Euroclear Sweden deducts for preliminary withholding-tax, presently at 30 per cent., on interest paid to private individuals residing in Sweden and to Swedish estates of inheritance. This Prospectus does not purport to give an exhaustive description of all tax consequences from an investment in Covered Bonds and any tax consequences are subject to change in laws and regulations. Each potential investor should therefore consult a tax adviser before investing in Covered Bonds.

For further information regarding this Prospectus reference is made to Issuer. The Prospectus is available via [www.danskehypotek.se](http://www.danskehypotek.se). A copy of this Prospectus will be made available by the Issuer upon request during the term of the Prospectus.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

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## **GENERAL DESCRIPTION OF THE PROGRAMME AND METHOD OF ISSUANCE**

### **Description of the Programme**

#### *Introduction*

Under the Programme, the Issuer may continuously issue Covered Bond Loans in SEK or EUR with different maturities and with a fixed or a floating rate interest. The minimum Nominal Amount for each Covered Bond will be EUR 100,000 or the corresponding amount in SEK. The Programme is the Issuer's main funding source and is primarily aimed for investors in the Nordic capital markets.

The complete terms and conditions for a Covered Bond Loan will consist of the General Terms and Conditions and the relevant Final Terms (prepared for each Covered Bond Loan) (see the sections "*General Terms and Conditions for Covered Bond Loans*" and "*Form of Final Terms*"). Each Covered Bond Loan will be governed by Swedish law.

#### *Status*

Covered Bond Loans constitute covered bonds under the Covered Bonds Act and the Rights of Priority Act (see the section "*Summary of the Swedish Covered Bond Legislation*"). The assets comprising the Issuer Cover Pool will change from time to time. The Issuer will make portfolio information available to investors on a quarterly basis. Such information will be available on the Issuer's website at [www.danskehypotek.se](http://www.danskehypotek.se).

#### *Clearing*

Covered Bonds are unilateral dematerialised promissory notes, which are issued for public trading and which are freely transferable. Covered Bond Loans will be registered with Euroclear Sweden and its online account-based system (the VPC system) and, thus, no physical securities will be issued. Clearing and settlement, as well as payment of interest and redemption of principal amounts, will take place in the VPC system and is reliant on the functioning of such system.

#### *Listing*

If listing is specified in the relevant Final Terms, the Issuer shall apply to list the Covered Bond Loan at the specified listing venue.

#### *Extended maturity*

If an Extended Maturity Date has been specified in the relevant Final Terms, the maturity of the relevant Covered Bond Loan may be extended beyond the Maturity Date in accordance with Section 5 (*Extended Maturity Date*) of the General Terms and Conditions and the Final Terms. If the maturity of any Covered Bond Loan is so extended and for as long as the relevant Covered Bond Loan remains outstanding, the Issuer shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by the Issuer on issue to repay in whole or in part the relevant Covered Bonds.

#### *Bondholders' meeting*

The General Terms and Conditions include certain provisions regarding a Bondholders' meeting, which may be held in order to resolve on matters relating to Bondholders' interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting. See also the risk factor "*Majority decisions by Bondholders*" below.

### **Method of issuance**

#### *The role of the Dealers*

The Issuer will not normally manage the selling of Covered Bonds itself, but will normally sell its issued bonds via the appointed Dealers.

The Issuer has appointed Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) as Dealers (*emissionsinstitut*) under the Programme. Additional Dealers may be appointed and a Dealer may withdraw from its appointment.

The Dealers have, by arrangements with the Issuer, made certain commitments to the Issuer including, *inter alia*, to (subject to certain conditions) offer Covered Bond Loans in the capital market and promote trading of Covered Bonds in the secondary market. The Dealers will, subject to certain conditions, post rates of trade with respect to all or some Covered Bond Loans.

#### *Pricing*

Since Covered Bonds under a Covered Bond Loan may be issued continuously for an extended period, it is not possible to set one market price for all Covered Bonds. The price is determined for each transaction by agreement between the buyer and the seller.

#### *Interest*

The interest applicable to a Covered Bond Loan depends on several factors, one of which is the interest applicable to other investments with a corresponding term. Interest may be set at a floating interest rate based on EURIBOR or STIBOR, plus a margin, or at a fixed interest rate. The interest structure applicable to a specific Covered Bond Loan will be stated in the Final Terms.

#### *European Benchmark Regulation*

The benchmarks EURIBOR and STIBOR are provided by the European Money Market Institute (EURIBOR) and the Swedish Financial Benchmark Facility (STIBOR). At the date of this Prospectus, the Swedish Financial Benchmark Facility is not registered as an administrator in the register provided by the European Securities and Markets Authority (“ESMA”) pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”). The European Money Market Institute was registered 2 July 2019.

#### *Tap issues, determination of loan amount and repurchases*

The Nominal Amount for each Covered Bond will be specified in the relevant Final Terms. The Total Nominal Amount for all Covered Bonds under a Covered Bond Loan will be determined when the sale of the Covered Bonds has been completed. Such sale may be carried out up until the Maturity Date of the Covered Bond Loan.

During the term of a Covered Bond Loan, the Issuer may continuously issue Covered Bonds (“**Tap Issuance**”). Covered Bonds issued under Tap Issuance are in every respect equal to Covered Bonds already issued under the relevant Covered Bond Loan (except as regards the issue price). Consequently, a Bondholder will on the following interest payment date have the same right to payment of interest as the other Bondholders in the relevant Covered Bonds. Final Terms will be separately prepared on a weekly basis (total volume for the whole week) in connection with Tap Issuance made after the Issue Date for the Covered Bond Loan. The fact that a Covered Bond may be outstanding only for part of an interest period is reflected in the issue price.

Tap Issuance is normally made only via the Dealers which thereby price the newly issued Covered Bonds based on at the time existing levels in the secondary market.

#### *Repurchases*

The Issuer may repurchase Covered Bonds at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Covered Bonds owned by the Issuer may be retained, resold or cancelled at the Issuer’s discretion.

#### **Credit rating**

The Programme has been rated AAA by Standard & Poor’s Global Ratings Europe Limited (“**S&P**”). The Covered Bonds issued under the Programme has been rated AAA by Nordic Credit Rating (“**NCR**”).

S&P and NCR are both established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency. Credit ratings are a way of evaluating credit risk. However, the credit ratings assigned to the Programme and the Covered Bonds do not always reflect the risks associated with individual Covered Bond Loans under the Programme. For more information regarding the credit ratings, visit [www . standardpoors.com](http://www.standardpoors.com) and [www.nordiccreditrating.com](http://www.nordiccreditrating.com).

The following table sets out the possible long-term ratings assigned by S&P and NCR.

<b>S&amp;P's long-term rating scale</b>	<b>NCR's long-term rating scale</b>
AAA	AAA
AA+	AA+
AA	AA
AA-	AA-
A+	A+
A	A
A-	A-
BBB+	BBB+
BBB	BBB
BBB-	BBB-
BB+	BB+
BB	BB
BB-	BB-
B+	B+
B	B
B-	B-
CCC+	CCC
CCC	CC
CCC-	C
CC	D/SD
C	
D	

**Use of proceeds**

The net proceeds from each issue of Covered Bonds will be applied by the Issuer to meet part of its general financing requirements.

## RISK FACTORS

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*In this section, material risk factors are illustrated and discussed, including the Issuer's economic and market risks, business risks, legal and regulatory risks, as well as risks relating to Covered Bonds. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Prospectus. The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.*

### **Risks relating to the mortgage loan business and the relevant real estate market and economy**

*The location of the mortgaged properties is concentrated in Sweden*

Residential properties securing the Covered Bonds issued under the Programme are located only in Sweden. The geographic distribution of the Issuer Cover Pool is concentrated to metropolitan and growth areas. Almost 70% of all underlying residential properties are located in Sweden's three largest cities. Such residential properties may be concentrated in certain locations such as densely populated and highly industrialised areas and any deterioration in prices in the residential real estate markets and any deterioration in the economic conditions in such areas may adversely affect the ability of the borrowers to make payments on the loans. The concentration of loans secured by residential properties in such areas may therefore result in a greater risk of non-payment than if such concentration had not been present.

To the extent that specific geographic regions have experienced or may experience in the future regional economic conditions and residential real estate markets that are weaker than other regions, a concentration of loans in such a region may increase the risk to the mortgage loans described herein. Moreover, such factors may have an impact on the value of the properties. If the residential real estate markets in Sweden experience an overall decline in property values, the value of the relevant pool of assets maintained by the Issuer could be significantly reduced and, may ultimately, result in losses to Issuer and ultimately to the covered bond holders.

*Economic conditions in Sweden could have an adverse effect*

As the Issuer conducts all its business in Sweden and the assets which make up the Issuer Cover Pool include loans secured by mortgages located in Sweden, the values of the assets and the ability of the Issuer to continue to make timely payments on the relevant Covered Bonds could be adversely affected by adverse economic developments in Sweden. Changes in the general economic conditions in Sweden are likely to affect the Issuer more significantly compared to competitors with a broader market segment.

The Issuer assesses the probability of the risks described above materialising to be high (due to the Covid-19 outbreak). If the risks described above would materialise, the Issuer assesses that it could have a negative effect on house prices, which would affect the availability and quality (higher loan-to-value ratio ("LTV")) of eligible assets in the Cover Pool.

### **Risks relating to the Issuer and the Group**

*The Issuer is exposed to credit risk*

The main risks related to the Swedish residential mortgage market are the credit risk associated with borrowers' creditworthiness, their ability to pay the mortgage loan and the value of the mortgaged properties. Should there be a general downturn in the value of property in Sweden, it may result in a deterioration of credit quality and the recoverability of mortgage loans of the Issuer. House prices may be negatively affected should, for example, interest rates or the unemployment level rise quickly. Adverse changes in the credit quality of the Issuer's borrowers and counterparties could affect the recoverability and value of its assets and require an increase in the Issuer's provisions for bad and doubtful debts and other provisions which in turn may have a material adverse effect on the Issuer's business, financial condition and/or results of operations. At the end of 2019, the Issuer's expected credit losses amounted to MSEK 73.7.

*The Issuer is dependent upon other Group companies, their business and the brand value of the Group*

The Issuer currently acquires mortgage loans from the Swedish Branch (during 2019, the Issuer acquired mortgage loans amounting to about MSEK 20 000), but may in the future also acquire mortgage loans from other



Group companies. Accordingly, the Issuer is dependent on the business of the Swedish Branch and other Group companies to originate loans to be acquired by the Issuer. The Issuer will therefore be affected by general economic and business conditions which may affect not only the Issuer but also the Swedish Branch and the other Group companies. If the Group, for instance, faces a negative impact on the Danske Bank brand it could potentially lead to decreased growth in its mortgage lending as well as customers leaving the Group. This would in turn affect the Issuer's over-collateralisation negatively and present a risk to the Issuer's fulfilment of its planned funding activities or to the Issuer meeting its over-collateralisation requirements.

In addition the Issuer is dependent on other Group companies for the performance of certain services in accordance with an outsourcing agreement. Such services include, amongst others, IT-services, administration of mortgage loans, accounting, regulatory reporting, liquidity management, funding (issuance of covered bonds), risk management, compliance, legal and internal audit. The Issuer is dependent on other Group companies' ability to fulfil their obligations under the outsourcing agreement in order for the Issuer to carry out its business and for the Issuer's business operations to function properly. The Issuer considers outsourcing as one of its largest risks given its dependence on outsourced activities.

The Issuer also uses, and is heavily dependent on, the established "Danske" brand in its covered bond issuances and relies on the positive perception by investors of the brand. The Issuer will thus be dependent on certain Group companies in order to succeed in its business.

The degree to which disruptions and/or negative impact to any Group companies and/or their ability to fulfil their obligations under an outsourcing agreement entered into with the Issuer and/or substantial deterioration to the brand value of the Group may occur is uncertain and presents a significant risk to the Issuer's business, financial condition and/or results of operations.

The Issuer assesses the probability of the risks described above materialising to be low. If the risks described above would materialise, the Issuer assesses the potential negative impact for the investors in the Programme to be high.

*The Issuer is exposed to liquidity risk*

The Issuer funds itself from the covered bond markets and complementary financing from the Group. Turbulence in the global economy and financial markets could have a negative impact on the Issuer's liquidity position, and also reduce the willingness of the Issuer's counterparties to enter into transactions with the Issuer. This could affect the Issuer's business as well as financial position and result. Furthermore structural liquidity risk arise due to mismatch between the Issuer's contractual commitment against its mortgage loan customers and the contractual maturity of the issued Covered Bonds. The contractual commitment against the customers is normally longer than the Issuer's funding profile, which means that the Issuer is continuously required to refinance its debt with new issuances. The inability of the Issuer to anticipate and provide for unforeseen decreases or changes in funding sources presents a significant risk to the Issuer's ability to meet its payment obligations when they fall due and could result in an investor not being paid in a timely manner. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary, it could mean that the Issuer might be considered as insolvent.

The Issuer assesses the probability of the risks described above materialising to be low. If the risks described above would materialise, the Issuer assesses the potential negative impact for the investors in the Programme to be high.

*The Issuer's funding costs and its access to the debt capital markets depend significantly on its credit ratings*

Any downgrade of the credit rating of the Parent or any downgrade of the credit ratings of the Issuer's Covered Bonds could, in each case, increase the Issuer's borrowing costs, adversely affect the liquidity position of the Issuer, limit the Issuer's access to the capital markets, undermine confidence in (and the competitive position of) the Issuer, trigger obligations under certain bilateral terms in some of the Issuer's trading and collateralised financing contracts (including requiring the provision of additional collateral) and/or limit the range of counterparties willing to enter into transactions with the Issuer. In September 2018, the Parent published information on money laundering investigations regarding the Group's operations in Estonia. The information gave an effect on the outlook of the Group's external credit rating. Any of the events above could have a material adverse effect on the Issuer's business, financial condition and/or results of operations.

*The Issuer is exposed to market risk*

Currency risks arise when the present value or cash flow of assets and liabilities, including derivative positions, in a foreign currency are mismatched. Since the Issuer may have parts of its financing in currencies

other than SEK, it may be exposed to currency risks. A liquid derivative market enabling the Issuer to swap foreign currencies is therefore essential. The Issuer's business also contains interest rate risk, primarily due to differences between the terms of the interest periods for funding and for lending. The interest rate risk, expressed as an interest rate shift up by 100bp, has during 2019 been up to MSEK 59 (as a maximum) measured on a daily basis. The Issuer is dependent on a well-functioning hedging market to mitigate its foreign exchange and interest rate risks. The Issuer has a liquidity buffer bond portfolio and may have supplementary collateral, which both have market risk. The degree to which the Issuer will be successful in hedging all of its foreign exchange and interest risks is uncertain and presents a significant risk to the Issuer's financial performance and reputation.

*The Issuer is exposed to operational risk*

The Issuer's business is dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud or other external or internal crime, errors by employees or service providers, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of internal or external systems, for example, those of the Issuer's suppliers or counterparties. Any material disruptions in relation to any operational factors, in particular outsourced services, as set out above may have a material adverse effect on the Issuer's business, financial condition and/or results of operations. A major disruption in the Issuer's IT-systems could affect the Issuer's ability to fulfil its commitments in accordance with the Covered Bonds Act and other regulations. For example, if the systems holding the Issuer's Cover Pool register is disrupted in such way that it significantly would affect the possibility to maintain the Cover Pool register, the Issuer may not be able to fulfil its obligations under the Covered Bonds Act. If such event occurs the Issuer could be considered to have seriously breached its obligations and could ultimately risk its license.

*The Issuer is exposed to the risk of failure or interruption to the Parent's IT and other systems*

The Parent's, and in turn the Issuer's, business is dependent on the ability to keep a large amount of customer information and to process a large number of transactions as well as on internal and external systems for its loan distribution. The Issuer's business is thus dependent on the Parent's information and communication technology systems to serve customers, support the Issuer's business processes, ensure complete and accurate processing of financial transactions and support the overall internal control framework. Disruptions in the Parent's IT infrastructure or other systems may, for example, be caused by internal factors such as larger projects for replacing or upgrading existing IT platforms and/or systems, which, if replaced or upgraded inappropriately, risks resulting in IT platforms and/or systems that do not function as expected and result in, among other things, unreliable data processing with impact on financial reporting. There is also a risk for disruptions caused by external factors such as the availability of experts required for technical support or completion of ongoing IT projects. Due to the Issuer's dependency on the Parent's information and communication technology systems and due to an IT order from the Danish financial supervisory authority (the "DFSA") to the Parent, the SFSA decided in 2019 to increase the Issuer's capital requirements by an additional Pillar II capital add-on (operational risk and a minimum of 0.27% of REA). Further, disruptions in the IT infrastructure could cause interruptions in the Issuer's business, ineffective processes, loss of sensitive information, or the Issuer not being able to meet regulatory requirements and thus become subject to sanctions. The degree to which the Issuer will be exposed to interruptions or failure of the Parent's IT systems is uncertain and presents a significant risk to the Issuer's business, financial condition and/or results of operations.

*The Issuer and the Group may be affected by general economic and geopolitical conditions*

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant, and positive investor sentiment. Each of the Group's operating segments is affected by general economic and geopolitical conditions, which can cause the Group's results of operations and financial position to fluctuate from year to year as well as on a long-term basis.

Globally there has been a weakening of productivity growth following the financial crisis and this, combined with population ageing, also affects the Nordic countries and raises the prospect that overall growth in production and income will be modest going forward. Financial markets have been characterised by periods of large price movements, and markets are very dependent on central bank policies. Low interest rates and central bank bond purchases have not yet succeeded in securing the desired level of inflation in the euro area for an extended period, and thus the future course of these policies is an important source of uncertainty. Should the global growth not continue, there is a risk that this will have a material adverse effect on the Group's and the Issuer's business, financial condition and/or results of operations. House prices may be negatively affected should, for example, interest rates or the unemployment level rise quickly. A higher unemployment level may lead to adverse changes in the credit quality of the Issuer's borrowers and counterparties which could affect the

recoverability and value of its assets and require an increase in the Issuer's provisions for bad and doubtful debts and other provisions.

Already before the Covid-19 outbreak Swedish economic growth was slowing on the back falling residential and business investment and gradually weaker household real income developments. Unemployment was rising as a consequence of jobseekers outside the labour force becoming unemployed rather than employed. The Covid-19 outbreak has accelerated this development. Sweden is exposed to the supply shock caused by the standstill of China's manufacturing industry and the disruptions caused to the global value chains. The extent of set-back for exporters and foreign trade is unclear, noting that a significant part today is in services. Also, the demand shock to the domestic economy by widespread lockdowns presents a challenge. Job redundancies are announced at an unprecedented pace and many companies face decreased sales and revenues on a large scale. However, it is not yet possible to assess the scope and nature of the effects to the general economic conditions of Sweden following the Covid-19 outbreak. Any sustained decline in the general economic conditions of Sweden may have an adverse effect on the Issuer's business, financial condition and/or results of operations. The Issuer expects that the Covid-19 outbreak will have negative impact on its financial results for the year ending 31 December 2020. The Issuer's preliminary assessment based on input from changes to model assumptions is that loan impairment charges are likely to increase for the year ending 31 December 2020 due to more severe macro scenarios.

### **Legal and regulatory risks**

#### *Regulatory changes could materially affect the Group's and/or the Issuer's business*

The Group's and the Issuer's operations are subject to financial services laws, regulations, administrative actions and policies. As a Swedish credit institution the Issuer is subject to the supervision of the SFSA. The Issuer is also subject to applicable EU regulations and EU directives that are implemented through local legislation. Significant failures to comply with applicable laws and regulations could expose the Issuer to monetary and other penalties, damages and/or the voiding of contracts and affect the Group's and/or the Issuer's reputation. Ultimately, the Issuer's licence to conduct financing operations could be revoked and the Issuer could hence be required to discontinue its business operations.

Changes in supervision and regulation, could materially affect the Group's and/or the Issuer's business, the products and services offered or the value of each of their assets.

Various aspects of banking regulations are still under debate internationally, including inter alia, proposals to review standardised and internally modelled approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised standardised approaches for financial institutions using internal models) as well as proposals to increase a financial institution's ability to absorb losses in a situation where it is deemed no longer viable. The Issuer is unable to predict with certainty which regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the SFSA or by other national authorities and agencies. Such changes risk having a material adverse effect on, among other things, the Group's and/or the Issuer's product range and activities, the sales and pricing of the Group's and/or the Issuer's products, the value of the Group's and/or the Issuer's assets as well as the Group's and/or the Issuer's profitability and capital adequacy, and can give rise to increased costs of compliance. In addition, there is a risk that the Group and/or the Issuer misinterprets or misapplies new or amended law and regulations, especially due to the increasing quantity and complexity of legislation, which, in case of significant misinterpretations, would lead to adverse consequences for the Group and/or the Issuer.

#### *The Issuer and the Group face increased capital and liquidity requirements as a result of the finalisation of the Basel III and Basel IV framework*

In June 2019, the European Union Banking reform package (the "**EU Banking Reform**") and the final legal text (the "**CRD V Directive**") were adopted as part of the finalisation of the Basel III framework and its implementation in the European Union. The adopted package amends Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "**CRR**") and Directive (2013/36/EU) of the European Parliament and of the Council (the "**CRD IV Directive**"). The amendments include, *inter alia*, changes to the counterparty credit risk framework, introduction of a formal minimum leverage ratio requirement and a net stable funding ratio ("**NSFR**") requirement, revisions to the Pillar 2 framework, transition of International Financial Reporting Standards ("**IFRS**") 9 *Financial Instruments* and its impact on capital ratios and revisions to the framework concerning interest rate risk in the banking book ("**IRRBB**"). The majority of the changes to the CRR will apply from 28 June 2021 although certain changes (for example, those related to own funds and eligible liabilities) applied as of 28 June 2019. Based on the adopted

legislative texts, the package has been assessed to have limited capital and risk exposure amount (“**REA**”) impact on the Group. The finalisation of the related level 2 regulation could result in further requirements on the Issuer. Further, an European Union Commission review of the 3 per cent. minimum leverage ratio requirement could result in a systemically important financial institution (“**SIFI**”) add-on to the Group.

In December 2017, the Basel Committee on Banking Supervision (the “**BCBS**”) published the final revised standards for calculating REA, also known as Basel IV. The BCBS recommends that constraints on internal models and the revised standardised approaches should be implemented from 2022. The REA floor will be subject to a gradual phase-in period from 2022 to 2027. However, the political process to implement the recommendations in the EU has just recently started, and the outcome thus subject to substantial uncertainty. A legislative proposal from the EU Commission is expected in Q2 2020. Under Basel IV, it is proposed that risk weights for mortgages should follow the LTV of the loan. A low LTV for residential mortgages will result in a low risk weight (as low as 20%) and vice versa (up to an LTV of 70%). With an average LTV of around 60%, the Issuer’s loans will end with a risk weight of around 25-30%, which is close to the current levels for residential mortgages due to the Swedish risk weight floor of 25%. But, after the application of the expected 72.5% output floor, risk-weights of 25-30% will drop to around 18-22%. Applying the 72.5% floor to operational REA as well will also reduce the capital requirements, other things equal.

Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from the implementation of Basel III, Basel IV and the CRD V Directive on both its own financial performance or the impact on the pricing of its Covered Bonds issued under the Programme. However, increased capital and liquidity requirements could have a negative effect on the Issuer’s liquidity, funding, financial condition and results of operations. Serious or systematic deviations by the Issuer from the above regulations would most likely lead to the SFSA determining that the Issuer’s business does not satisfy the statutory soundness requirement for credit institutions and thus result in the SFSA imposing sanctions on the Issuer.

#### *Risks relating to the Bank Recovery and Resolution Directive*

On 15 May 2014, the European Parliament and the Council of the European Union adopted a directive providing for the establishment of a European Union-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the “**BRRD**”). The BRRD, including the general bail-in tool and the Minimum Requirement for own funds and Eligible Liabilities (“**MREL**”) (as further described below), has been implemented into Swedish law by the Swedish Resolution Act (*Lag (2015:1016) om resolution*) (the “**Resolution Act**”) and the Precautionary Support Act (*Lag (2015:1017) om förebyggande statligt stöd till kreditinstitut*), both of which entered into force on 1 February 2016. The National Debt Office (*Riksgäldskontoret*) has been appointed as resolution authority in Sweden and has been given certain powers which can be categorised into preventive powers, early intervention powers and resolution powers. Ultimately, the authority may take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval or any approval by holders of debt.

The general bail-in tool is not intended to apply to secured debt (such as Covered Bonds). However, to the extent that claims in relation to Covered Bonds are not met out of the assets of the Issuer Cover Pool or the proceeds arising from it, Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in Bondholders losing some or all of their investment.

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfil MREL. There is no minimum European Union-wide level of MREL – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each banking group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

On 23 February 2017, the National Debt Office presented the finalised model for the calculation of MREL, stating that systematically important institutions need to replace a portion of their existing bond issuance with subordinated bonds. Institutions which are not deemed as systematically important will not be affected by the framework presented by the National Debt Office; in a crisis, such institutions will be declared bankrupt or placed in liquidation rather than resolution. The model presented for the calculation of MREL came into effect 1 January 2018 onwards and institutions must progressively build up the volume of subordinated liabilities required to meet the minimum requirement by 2024 (initially 2022, however, postponed due to the Covid-19 situation). As a result, the Issuer will be required to meet the MREL requirements within the required timeframes. This may require the Issuer to issue debt that can be bailed in. Non-compliance with such requirements could result in the relevant authority withdrawing the Issuer’s licence.

For institutions and groups with operations in more than one jurisdiction (such as the Group), cross-border cooperation and coordination between relevant authorities is necessary for an effective resolution and resolution planning. For these purposes, the BRRD provides for the establishment of resolution colleges. Resolution planning, joint decisions and cross-border implications are also of significance in relation to MREL. While the group-level resolution authority sets its proposal on MREL for the parent and at the consolidated level, the proposal needs to be reconciled with and assessed against MREL set for each subsidiary. The links between MREL and the resolution plan have also been addressed in the draft regulatory technical standards issued by EBA, with the two joint decisions – the joint decision on the group resolution plan and resolvability assessment, and the joint decision on MREL – running in parallel. It is not possible to predict how, in relation to the Issuer and the Group, the cooperation between the National Debt Office, the DFSA (being the Danish authority in charge of MREL and resolution planning) and other relevant authorities will function in practice.

In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all in-scope institutions have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authority. The MREL requirement applies to all EU credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

It is not possible to predict exactly how the powers and tools of the National Debt Office described in the BRRD and the Resolution Act will affect the Issuer. The powers and tools given to the National Debt Office are numerous and may have a material adverse effect on the Issuer. Accordingly, the degree to which amendments to the BRRD or application of BRRD may affect the Issuer is uncertain and presents a significant risk to the Issuer's funding and compliance costs.

#### *Risks relating to changes in accounting standards*

From time to time, the International Accounting Standards Board (the "IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the Issuer's financial statements. These changes are sometimes difficult to predict and could materially impact how the Issuer record and report their results of operations and financial condition.

In July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9"), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory, and were therefore fully implemented by the Issuer, as of 1 January 2018. Fully phased-in in 2023, IFRS 9 will have a limited effect on the Group's capital ratios resulting in an expected reduction of 0.2 per cent. of the Group's common equity tier 1 ("CET 1") ratio. IFRS 9 also provides a new general hedge accounting model which is not yet mandatory with an option to instead apply hedge accounting according to IAS39. The Issuer have not yet implemented the hedge accounting models of IFRS 9, which is why it is currently not possible to determine the extent of the impact that the implementation of the hedge accounting model will have on CET 1 capital.

As a consequence of the new general hedge accounting model under IFRS 9, and the uncertainty regarding its implementation, there is a risk that the Issuer will be required to obtain additional capital in the future. There is, however, a risk that new equity capital or debt financing qualifying as regulatory capital will not be available on attractive terms, or at all. The degree to which further changes in accounting standards may affect the Issuer is uncertain and presents a significant risk to the Issuer's provisions and CET 1 capital.

#### *Risks relating to tax legislation*

The Issuer's business and transactions are conducted in accordance with the Issuer's and Group's interpretation of applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. There is a risk that the Issuer's and Group's interpretation of such tax legislation, tax treaties, regulations, case law or requirements of the tax authorities is incorrect, or that such rules or practice will change, potentially with retroactive effect. For example, in 2018, the then-current Swedish government presented a proposal for tax on financial services. The proposal has not yet led to any legislation, but in August 2019 the current government revisited this and expressed its intention to introduce such tax in 2022. The details of this tax are not yet known but may, if implemented, have an adverse effect on the Issuer.

In 2019, the Issuer's reported income tax expenses totalled SEK 206,143,568 and its effective tax rate was 21.4 per cent. Should the Issuer's or Group's tax situation for previous, current and future years change, as a result of legislative changes and decisions made by the tax authorities or as a result of changed laws, it could have a material adverse effect on the Issuer's business (should taxes imposed on its products and services negatively

impact the demand for such products and services), financial condition (should taxes negatively impact the value of its assets) and results of operations (should taxes increase its costs and thus decrease, among other things, its operating profits).

*The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks*

The Group and the Issuer may become involved in various disputes and legal proceedings in different jurisdictions, including litigation and regulatory investigations. The Group's banking and other operations have been the subject of regulatory scrutiny from time to time. For example, the Group and the Issuer are subject to applicable anti-money laundering and terrorist financing laws. The supervisory authorities conduct on-going inspections from time to time of the Group's compliance with anti-money laundering ("AML") legislation, sanctions, and terrorist financing laws, which can potentially lead to supervisory actions.

The Parent has conducted detailed and thorough money laundering investigations into the former so-called "non-resident portfolio" in the Parent's Estonian Branch covering the period 2007-2015. The investigations comprise a thorough examination of customers and transactions and an investigation of the course of events, including whether managers and employees, members of the Executive Board or the Board of Directors have sufficiently fulfilled their obligations. The investigations were mandated by the Parent's Board of Directors and led by external Danish legal counsel. On 19 September 2018, the Parent made public the conclusions from the investigations.

After this publication, the DFSA announced that it will re-open its investigations into the Parent pertaining to the Estonian matter (the decision by the DFSA dated 3 May 2018). On 6 August 2018, the Danish Public Prosecutor for Serious Economic and International Crime (the "SØIK") announced that it had opened an investigation into the Parent concerning transactions passing through the Parent's Estonian branch to examine whether there are grounds for a criminal case against the Parent for breach of the Danish AML Act and on 28 November 2018, the Parent was preliminarily charged by SØIK with violating the Danish AML Act. The Parent is cooperating with the authorities.

The Parent has also received requests for information from the U.S. Department of Justice ("DOJ") and an inquiry from the U.S. Securities and Exchange Commission (the "SEC"), and was placed under a formal investigation by an investigating judge at the Tribunal de Grande Instance de Paris in connection with a criminal investigation relating to the Parent's Estonian branch.

On 3 March 2019, a court case was initiated against the Parent for approval of a class action lawsuit led by a newly formed association with the aim of representing former and current shareholders in a liability action relating to the Estonian AML matter. No specific claim amount has been calculated.

On 14 March 2019, 169 separate cases were further initiated against the Parent simultaneously concerning shareholder claims relating to the Estonian AML matter with claims totalling approximately DKK 3.5 billion. In October 2019, the claimants' Danish counsel filed an additional 64 claims against the Parent, increasing the total value of the claims by approximately DKK 2.5 billion. In January 2020, an additional nine claims were raised bringing the total to approximately DKK 6.3 billion and on 20 March 2020, an additional 38 claims were filed, bringing the total number of claims to 279 with a total claim amount of approximately DKK 7 billion. However, of the 38 claims filed on 20 March 2020, nine are duplicate cases which have been refiled by claimants pending the Court's decision regarding amendment of the claimant names. These court actions relate to alleged violations in the Parent's Estonian branch of the rules on prevention of money laundering and alleged failure to timely inform the market of such violations. At present, 228 of the cases have been referred to the Eastern High Court.

On 27 December 2019, 63 private and institutional investors initiated a similar case against the Parent with a total claim amount of approximately DKK 1.3 billion. The case is pending before the City Court of Copenhagen, but is expected to be referred to the Eastern High Court.

On 20 February 2020, the Parent received a procedural notification in a case initiated against Thomas Borgen, the previous CEO of the Parent, by 72 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 2.7 billion. The case is pending before the District Court of Lyngby, but the claimants have requested that the case be referred to the Eastern High Court. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party in the future, so that the notified party cannot later say that it was not aware of the matter. The notification also prevents the claimants' claim from being time barred, unless the claim against the notified party was already time barred before the notice was given. The procedural notification does not constitute service of legal proceedings on the Issuer and has not been submitted to the court.

Reports in the media have pointed to potential further legal actions being raised against the Parent in connection with the AML matters at the Parent's Estonian branch and related matters, and the Parent has received a number of claims for compensation threatening litigation. Further similar claims may be filed in the future, although the timing of completion of any such lawsuits (pending or threatening) and their outcome are uncertain. The Parent intends to defend itself against the claims.

The timing of the completion of the on-going investigations into the AML matters at the Estonian branch, the outcome and the subsequent discussions with the authorities regarding such matters are subject to uncertainty. It is not yet possible to reliably estimate the timing or amount of any potential settlement or fines, if any, which could be material.

The outcome of these investigations and the impact on the Parent from such investigations is currently unknown and will ultimately depend on the findings of the authorities. The impact on the Issuer may entail that the refinancing costs of its Covered Bonds may be higher and/or that its mortgage lending volumes become lower. It cannot be ruled out that the AML matters at the Estonian branch may have an adverse effect on the Group and the Issuer.

#### *AML risk*

The Group and the Issuer are subject to applicable anti-money laundering and terrorist financing laws. The supervisory authorities conduct on-going inspections from time to time of the Group's compliance with AML legislation, sanctions, and terrorist financing laws, which can potentially lead to supervisory actions. Criminal activity within the banking industry, in which The Group and the Issuer operates, has been increasingly uncovered in recent years. The Group is subject to a regulatory framework which requires the Group and the Issuer to take measures to counteract money laundering and terrorist financing within their operations.

There is a risk that the Group's and the Issuer's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that the Group and/or the Issuer comply with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which may result in a failure to comply with the anti-money laundering regulatory framework.

Failure to comply with such regulatory framework is likely to result in legal implications, including remarks or warnings and/or significant administrative fines imposed by the SFSA or other regulatory bodies, which could cause significant, and potentially irreparable, damage to the reputation of the Group and/or the Issuer and, as a result, the Group's and/or the Issuer's business (should the demand for its products and services decrease), financial condition (should the value of its assets decrease) and results of operations (should its revenue decrease and/or its costs increase) could be materially adversely affected.

#### *Risks relating to EU General Data Protection Regulation*

As a lender to the Swedish residential mortgage market aimed primarily at individuals, the Group processes large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of the general data protection regulation 2016/679/EU ("GDPR"), applicable as of 25 May 2018. Efforts to continuously ensure compliance with the GDPR is time-consuming and costly. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4.0 per cent. of the Group's total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would adversely impact the Group's business, financial condition and results of operations. Non-compliance also risks having substantial effect on customer's and the general public's trust in the Group.

#### **Risks related with Covered Bonds issued under the Programme**

*The regulation and reform of "benchmarks" may adversely affect the value of Covered Bonds linked to or referencing such "benchmarks"*

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Covered Bond Loans with floating interest rate, an Interest Base), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. The Benchmarks Regulation could have a material impact on any Covered

Bonds linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “relevant benchmark”.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark”; or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to or referencing a “benchmark”.

*An active secondary market in respect of the Covered Bonds may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Covered Bonds*

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Covered Bonds.

*If an investor holds Covered Bonds which are not denominated in the investor’s home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Covered Bonds could result in an investor not receiving payments on those Covered Bonds*

The Issuer will pay principal and interest on the Covered Bonds in the currency set out in the Final Terms for each Covered Bond Loan (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (i) the Investor’s Currency-equivalent yield on Covered Bonds, (ii) the Investor’s Currency-equivalent value of the principal payable on Covered Bonds and (iii) the Investor’s Currency-equivalent market value of Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor’s Currency.

*Decrease of underlying asset value*

If the value of the underlying assets which constitute the collateral for the Issuer Cover Pool decreases materially and the Issuer does not take action to restore the ratio between Covered Bonds and the Issuer Cover Pool, there will be a risk that the Issuer will not be able to fully repay Bondholders.

*Conflicting interests of other creditors*

In the event of the Issuer’s bankruptcy, the Covered Bonds Act does not give clear guidance on certain issues, which may lead to a conflict between Bondholders, and the derivative contract parties on the one hand, and other creditors of the Issuer or the Parent on the other hand. Examples of such issues are (a) how proceeds from a loan partly registered to the Issuer Cover Pool should be distributed between the portion of such loan registered to the Issuer Cover Pool and the portion of such loan not registered to the Issuer Cover Pool and (b) how the proceeds of enforcement of a mortgage certificate should be distributed if this serves as collateral for two different loans ranking *pari passu* in the mortgage certificate where one such loan is not wholly or partly registered to the Issuer Cover Pool. The lack of clear guidance on these and similar issues may lead to unsecured creditors arguing that



part of the proceeds from a loan and/or mortgage certificate should not be included in the Issuer Cover Pool or to any creditors with loans that rank *pari passu* in a mortgage certificate which also serves as collateral for a loan registered to the Issuer Cover Pool arguing that part of the proceeds from such mortgage certificate should not be included in the Issuer Cover Pool.

#### *Non-compliance with matching rules*

The Covered Bonds Act contains matching rules which, among other things, require that the present value of the Cover Pool exceeds by at least 2 per cent. the present value of the liabilities relating to Covered Bonds. In order to comply with these requirements, the Issuer may enter into derivative contracts. The present value of the derivative contracts shall be included when determining whether the present value of the Cover Pool exceeds the present value of the liabilities relating to Covered Bonds. The Issuer is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

A breach of the matching requirements prior to the Issuer's bankruptcy in the circumstances where no additional assets are available to the Issuer or the Issuer lacks the ability to acquire additional assets could result in the Issuer being unable to issue further Covered Bonds. If, following the Issuer's bankruptcy, the Issuer Cover Pool ceases to meet the requirements of the Covered Bonds Act (including the matching requirements), and the deviations are not just temporary and minor, the Issuer Cover Pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the Covered Bonds and derivative contracts will cease. Bondholders would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Issuer Cover Pool in accordance with general bankruptcy rules. This could result in Bondholders receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the Covered Bonds (with accelerations as well as delays) or that Bondholders are not paid in full. However, Bondholders and the derivative contract parties would retain the benefit of the right of priority in the assets comprising the Issuer Cover Pool. Any residual claims of Bondholders and the derivative contract parties would remain valid claims against the Issuer, but would rank *pari passu* with other unsecured and unsubordinated creditors of Issuer.

#### *Majority decisions by Bondholders*

The General Terms and Conditions include certain provisions regarding a Bondholders' meeting, which may be held in order to resolve on matters relating to Bondholders' interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting. The degree to which any such decisions may affect the Bondholders is uncertain and presents a significant risk that the actions of the majority in such matters can impact the Bondholder's rights in a manner that can be undesirable for some Bondholders.

#### *Harmonisation of the EU covered bond framework*

The European Union's covered bond directive and regulation came into effect on 7 January 2020 (although there will be a maximum 30 month transposition period after the effective date for the new directive and the new regulation will become applicable during July 2021). The new covered bond directive replaces current Article 52(4) of the UCITS Directive, establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that members states may choose to exercise when implementing the new directive through national laws). The new regulation amends Article 129 of the CRR (and certain related provisions) and further strengthens the criteria for covered bonds that benefit from preferential capital treatment under the CRR regime. Certain changes will likely be made to the Covered Bonds Act and the Swedish FSA Regulations, but no draft legislation for the Swedish implementation of the European Union's covered bond directive has yet been presented. Hence, it is still unclear how the European Union's covered bond directive will affect the Swedish legislation governing covered bonds. Therefore, there can be no assurances or predictions made as to the precise effect of the new regime on the Covered Bonds.

#### *Risks related to interest rate constructions*

Covered Bonds with a fixed interest rate bear the interest at a fixed rate until the Maturity Date for such Covered Bond. The value of such Covered Bond is highly influenced by the market interest rate level. As the market interest rate level changes, the value of the Issuer's Covered Bond with a fixed interest rate typically changes in the opposite direction, *i.e.* if the market interest rate level increases, the market value of such Covered Bond falls and if the general interest rate level falls, the market value of such Covered Bonds increases. Since the price of Covered Bonds is adversely affected by changes in the market interest rate level, there is a risk that Bondholders may lose all or a significant part of their investment in such Covered Bonds.

A Bondholder of a floating rate Covered Bond is exposed to the risk of fluctuating interest levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of floating rate Covered Bonds in advance. In the event that the reference rate used to calculate the applicable interest rate turns negative, the interest rate will be below the margin, if any, and may be zero and accordingly, the Bondholders of the Issuer's floating rate Covered Bonds may not be entitled to interest payments for certain, or all, interest periods.

*Covered Bonds with Extended Maturity Date*

If an Extended Maturity Date is specified in the relevant Final Terms as applying to a Loan and the Issuer fails to repay the relevant Loan in full on the Maturity Date or within three (3) Business Days thereafter, the maturity of the outstanding Loan and the date on which such Loan will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the relevant Final Terms. In that event, the Issuer may repay all or any part of the principal amount outstanding of the Loan on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the relevant Final Terms.

In the event of such an extension of the maturity of a Loan the rate of interest payable in relation to the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date will be a floating interest rate calculated in accordance with the relevant Section of the General Terms and Conditions and the relevant Final Terms.

The extension of the maturity of the principal amount outstanding in the Covered Bonds from the Maturity Date to the Extended Maturity Date shall not constitute an event of default or acceleration of payment for any purpose or give any Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Loan other than as expressly set out in the General Terms and Conditions.

Therefore, there is a risk, for Bondholders of Covered Bonds with an Extended Maturity Date, that the Covered Bonds will not be paid on the Maturity Date and that the interest basis, interest rates and interest periods for the period from the Maturity Date to the Extended Maturity Date may be different to those applicable for the period from the Issue Date to the Maturity Date.

## GENERAL TERMS AND CONDITIONS FOR COVERED BOND LOANS

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The following general terms and conditions (the “**General Terms and Conditions**”) apply for Covered Bonds that Danske Hypotek AB (publ) (Reg. No. 559001-4154) (the “**Issuer**”), issues in the capital market under an agreement with the Dealers in respect of a Swedish programme for the continuous issuance of covered bonds (the “**Programme**”). For each Loan, final terms are prepared that include supplementary terms and conditions, which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan. Final Terms for Loans that are offered to the public will be published on the Issuer’s website ([www.danskehypotek.se](http://www.danskehypotek.se)) and made available at the office of the Issuer. For as long as a Loan is outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Loan available on its website.

### 1. DEFINITIONS

1.1 In the Conditions, the following expressions shall have the meaning ascribed to them below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (*kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act and through which a Bondholder has opened a VP-account in respect of its Covered Bonds;

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Total Nominal Amount of outstanding Covered Bonds excluding Covered Bonds held by the Issuer and any other member of the Group, irrespective of whether such entity is registered by name as the Bondholder of such Covered Bonds;

“**Administrative Agent**” means (i) if a Loan is issued through two or more Issuing Houses, the Issuing House appointed by the Issuer to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms; and (ii) if a Loan is issued through only one Issuing House, the Issuing House;

“**Bondholder**” means the person recorded on a VP-account as direct registered owner (*ägare*) or nominee (*förvaltare*) of a Covered Bond;

“**Bondholders’ Meeting**” means a meeting of the Bondholders in respect of a Loan as described in Section 10 (*Bondholders’ Meeting*);

“**Business Day**” means a day which is not a Sunday or other public holiday in Sweden or which is not treated as a public holiday for the purpose of payment of promissory notes. In this definition, Saturdays, Midsummer’s Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall be deemed public holidays;

“**Conditions**” for a particular Loan means these General Terms and Conditions and the Final Terms for such Loan;

“**Covered Bond**” means a unilateral promissory note which is registered in accordance with the Swedish Financial Instruments Accounts Act and issued by the Issuer in accordance with the Conditions and coupled with rights of priority in the Issuer’s covered pool pursuant to the Swedish Covered Bonds Act (*lagen (2003:1223) om utgivning av säkerställda obligationer*);

“**Day Count Convention**” means, when determining an amount for a certain determination period, the counting basis stated in the Final Terms, and;

- (a) if the counting basis “30/360” is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the counting basis “Actual/360” is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

“**Dealers**” means Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp<sup>1</sup>, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and such

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<sup>1</sup> On 1 October 2018, Nordea Bank AB (publ) merged by way of absorption with Nordea Bank Abp.

other dealer (*emissionsinstitut*) appointed in accordance with Section 12.3, but only for so long as such dealer has not withdrawn as a dealer;

“**Extended Maturity Date**” means the date falling no later than twelve months from the Maturity Date of a Loan, subject to any adjustments, specified in the Final Terms;

“**Euro**” and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to the European Economic and Monetary Union;

“**European Reference Banks**” means four leading commercial banks that quotes EURIBOR at the time in question and that are appointed by the Dealers;

“**Euroclear Sweden**” means Euroclear Sweden AB, Reg. No. 556112-8074;

“**EURIBOR**” means the interest rate (1) listed at 11.00 a.m. (Brussels time) on the day in question on Reuters screen EURIBOR01 (or through such other systems or on such other page that replaces the system or page mentioned) or - if such quotation does not exist – (2) at the mentioned time, according to information released by the Administrative Agent, equivalent to (a) the mean of the European Reference Banks’ quoted interest rates to leading commercial banks in Europe for deposits of EUR 10,000,000 for the period in question or – if only one or no such quotation is given – (b) the Administrative Agent’s assessment of the interest rate offered by leading commercial banks in Europe for lending of EUR 10,000,000 for the period in question on the inter-bank market in Europe;

“**Final Terms**” means the final terms prepared for a particular Loan;

“**Group**” means Danske Bank A/S and its subsidiaries from time to time;

“**Interest Base**” means, for a Loan with floating interest rate, the interest base (STIBOR or EURIBOR) stated in the relevant Final Terms;

“**Interest Determination Date**” means, for a Loan with floating interest rate, the date specified in the relevant Final Terms;

“**Interest Payment Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Interest Period**” means, for a Loan, the period specified in the relevant Final Terms;

“**Interest Rate**” means

- (a) until (and including) the Maturity Date (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Section 6.1(b); and
- (b) if applicable, from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, a floating interest rate calculated in accordance with Section 6.2;

“**IPA**” means Danske Bank A/S, Danmark, Sverige Filial or such other issuing and paying agent (IPA) appointed by the Issuer for the functions set out in Section 4.3, but only for so long as such issuing and paying agent has not withdrawn as a issuing and paying agent or been replaced in accordance with Section 12.4;

“**Issue Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Issuing House**” means the Dealer(s) through which a particular Loan is issued;

“**Loan**” means each loan with a separate ISIN code in the “100 series” with respect to SEK and in the “200 series” with respect to EUR, comprising one or more Covered Bonds with the same ISIN code, which the Issuer issues under this Programme;

“**Margin**” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms;

“**Maturity Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Nominal Amount**” means the amount for each Covered Bond that is stated in the relevant Final Terms less any amount repaid;

“**Record Date**” means

- (a) the Business Day before the payment date in respect of principal amounts payable under the Conditions; and
- (b) the fifth Business Day before (i) the payment date in respect of interest amounts payable under the Conditions, (ii) another date when payment is to be made to Bondholders (other than payment of principal), (iii) the date of a Bondholders' Meeting, or (iv) another relevant date (other than a payment date for principal amounts payable under the Conditions),

or, in each case, such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market;

“**Reference Banks**” means Nordea Bank Abp<sup>2</sup>, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ);

“**Regulated Market**” means a regulated market for the purposes of Directive 2014/65/EU;

“**STIBOR**” means the interest rate (1) listed at 11.00 a.m. on the day in question on Nasdaq Stockholm's webpage for STIBOR fixing (or on such other webpage that replaces webpage mentioned) or - if such quotation does not exist - (2) at the mentioned time equivalent to (a) the mean of the Reference Banks' quoted interest rates for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market - or - if only one or no such quotation is given - (b) the Administrative Agent's assessment of the interest rate offered by Swedish commercial banks for lending of SEK 100,000,000 for the period in question on the inter-bank market Stockholm;

“**Swedish Financial Instruments Accounts Act**” means *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*;

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden;

“**Total Nominal Amount**” means, for a Loan, the total aggregate Nominal Amount of the Covered Bonds outstanding at the relevant time;

“**Trade Date**” means, for a Loan, the date specified in the relevant Final Terms, which is the day on which an agreement is reached between the Issuer and the Issuing House(s) concerning the issue of such Loan; and

“**VP-account**” means a securities account (*VP-konto*) under the Swedish Financial Instruments Accounts Act maintained by Euroclear Sweden in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

- 1.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- 1.3 Further definitions are contained (where relevant) in the relevant Final Terms.
- 1.4 The definitions contained in these General Terms and Conditions shall also apply to the relevant Final Terms.

## 2. RAISING OF LOANS, LOAN AMOUNT, DENOMINATION AND PAYMENT COMMITMENT

- 2.1 Under this Programme the Issuer may issue Covered Bonds in Swedish Kronor or Euro with a minimum term of one year. Under a Loan, Covered Bonds may be issued in more than one tranche.

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<sup>2</sup> On 1 October 2018, Nordea Bank AB (publ) merged by way of absorption with Nordea Bank Abp.

- 2.2 The Total Nominal Amount will be determined when the sale of the Covered Bonds has been completed and shall be represented by Covered Bonds in the denomination in SEK or EUR specified in the relevant Final Terms or in whole multiples thereof.
- 2.3 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with these Conditions.
- 2.4 In subscribing for Covered Bonds each initial Bondholder accepts that its Covered Bonds shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Covered Bonds each new Bondholder confirms such acceptance.

### **3. REGISTRATION OF COVERED BONDS**

- 3.1 Covered Bonds shall be registered in a VP-account on behalf of the Bondholder, and accordingly no physical notes representing the Covered Bonds will be issued.
- 3.2 A request concerning the registration of a Covered Bond shall be made to the Account Operator.
- 3.3 Any person who acquires the right to receive payment under a Covered Bond through a mandate, a pledge, regulations in the Code on Parents and Children (*Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register her or his right to payment.
- 3.4 For Covered Bonds registered in the name of a nominee in accordance with the Swedish Financial Instruments Accounts Act, the nominee shall be regarded as the Bondholder under these Conditions.
- 3.5 The Administrative Agent shall, for the purpose of carrying out its tasks under Section 10 and, with Euroclear's permission, at all other times be entitled to obtain information from the debt register (*skuldbok*) kept by Euroclear Sweden in respect of the Covered Bonds.
- 3.6 The Administrative Agent may use the information referred to in Section 3.5 only for the purposes of carrying out their duties and exercising their rights in accordance with the Conditions and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

### **4. PAYMENTS**

- 4.1 A Loan falls due on the Maturity Date, subject as provided in Section 5 (*Extended Maturity Date*) if an Extended Maturity Date is specified in the relevant Final Terms. Interest shall be paid on each Interest Payment Date in accordance with the relevant Final Terms. On the Maturity Date the Loan shall be repaid together with accrued interest (if any). If the Maturity Date or the Extended Maturity Date, as applicable, falls on a day that is not a Business Day, the Loan (and accrued interest (if any)) shall not be repaid until the following Business Day.
- 4.2 Repayment of principal and payment of interest shall be made to the person who is Bondholder on the Record Date prior to such payment date, or to such other person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 4.3 The Issuer has appointed the IPA to administrate payments under Covered Bonds and the IPA has accepted this appointment on the condition that the Issuer provides the IPA with the necessary means.
- 4.4 Where the Bondholder has arranged for an Account Operator to record that the principal and interest are to be credited to a particular bank account, the payments will be made through Euroclear Sweden on the relevant due dates. If no such instructions have been given, Euroclear Sweden will send the amount on such dates to the Bondholder at the address registered on the Record Date with Euroclear Sweden. If the due date falls on a day which is not a Business Day, the amount will be

credited to an account or made available to the payee on the next following Business Day. However, interest in this regard is only paid up to and including the Interest Payment Date for Loans with fixed interest rate. Should the Interest Payment Date for Loans with floating interest rate occur on a day that is not a Business Day, the Interest Payment Date shall be on the next following Business Day, provided that such Business Day does not occur in a new month in which case the Interest Payment Date shall be the first preceding Business Day instead.

- 4.5 If the IPA or Euroclear Sweden is unable to pay the amount in the manner stated above as a result of some delay on the part of the Issuer or because of some other obstacle, then, as soon as the obstacle has been removed, the amount shall be paid by the IPA or Euroclear Sweden, as applicable, to the person registered as Bondholder on the Record Date.
- 4.6 If the Issuer is unable to carry out its obligations to pay through the IPA or Euroclear Sweden in the manner stated above due to obstacles for the IPA or Euroclear Sweden as stated in Section 15.1, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be paid in accordance with Section 7.2.
- 4.7 In the event that the person to whom the amount was paid in the manner stated above was not entitled to receive it, the Issuer, the IPA and Euroclear Sweden, as applicable, shall nevertheless be regarded as having fulfilled their obligations. However, this does not apply if the Issuer, the IPA or Euroclear Sweden, as applicable, was aware that the person to whom the amount was paid was not entitled to receive it or if the Issuer, the IPA or Euroclear Sweden, as applicable, neglected to show the necessary care given the circumstances.

## **5. EXTENDED MATURITY DATE**

- 5.1 If an Extended Maturity Date is specified in the relevant Final Terms as applying to a Loan and the Issuer fails to repay the relevant Loan in full on the Maturity Date or within three (3) Business Days thereafter, the maturity of the outstanding Loan and the date on which such Loan will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the relevant Final Terms. In that event, the Issuer may repay all or any part of the principal amount outstanding of the Loan on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the relevant Final Terms. If the Maturity Date is extended in accordance with this Section 5, the Issuer shall give notice to the Bondholders (in accordance with Section 14 (*Notices*)) of its intention to repay all or any of the principal amount outstanding of the Loan at least five (5) Business Days prior to the relevant Interest Payment Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any repayment by the Issuer on the relevant Interest Payment Date, or give rise to rights to any such person.
- 5.2 Any extension of the maturity of the Loan under this Section 5 shall be irrevocable.
- 5.3 Where this Section 5 applies, any failure to repay the Covered Bonds on the Maturity Date or any extension of the maturity of the Loan under this Section 5 shall not constitute an event of default or acceleration of payment for any purpose or give any Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Loan other than as expressly set out in these Conditions.
- 5.4 In the event of the extension of the maturity of a Loan under this Section 5, interest shall be determined and payable in accordance with Section 6.2.
- 5.5 In the case of any partial repayment of a Loan, such repayment shall be made to the Bondholders *pro rata* in proportion to the aggregate outstanding amount of Covered Bonds held by each such Bondholder.

- 5.6 If the maturity of any Loan is extended in accordance with this Section 5, subject as otherwise provided for in the relevant Final Terms, for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by the Issuer on issue to repay in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

## 6. INTEREST

- 6.1 The relevant Final Terms shall state the relevant interest structure using one of the following alternatives:

(a) Fixed interest rate

If a Loan is specified as a Loan with fixed interest rate, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention 30/360 for Loans in SEK and EUR.

(b) Floating interest rate

- (i) If a Loan is specified as a Loan with floating interest rate, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period.
- (ii) Notwithstanding paragraph (i) above and subject to paragraph (iii) below, if the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).
- (iii) If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.
- (iv) If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Section 15.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrative Agent shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention Actual/360 for Loans in SEK and EUR.

- 6.2 If an Extended Maturity Date is specified in the relevant Final Terms as applying to a Loan and the maturity of such Loan is extended beyond the Maturity Date in accordance with Section 5 (*Extended Maturity Date*):

- (a) the Loan shall bear interest from (but excluding) the Maturity Date to (and including) the Extended Maturity Date or, if the Covered Bonds are repaid prior to the Extended Maturity Date, the Interest Payment Date on which they are repaid. The final Interest Payment Date shall fall no later than the Extended Maturity Date; and
- (b) the rate of interest payable from time to time under Section 6.2(a) will be a floating interest rate calculated in accordance Section 6.1(b) but on the basis of the Interest Base, Margin,



Interest Determination Date(s), Interest Period(s) and Interest Payment Date(s) specified as applying in relation to the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date in the relevant Final Terms and, where applicable, determined by the Administrative Agent, three (3) Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the relevant Final Terms.

## **7. PENALTY INTEREST**

7.1 In the event of delay in payment relating to principal and/or interest (except in accordance with Section 5), penalty interest shall be paid on the amount due from the maturity date up to and including the day on which payment is made, at an interest rate which corresponds to one week's STIBOR (for Loans denominated in SEK) or EURIBOR (for Loans denominated in EUR) applicable on the first Business Day in each calendar week during the course of delay plus two percentage points. However, penalty interest according to this Section 7.1 shall never be lower than the Interest Rate at the maturity date plus one percentage point. Penalty interest is not compounded with the principal amount.

7.2 If the delay is due to an obstacle of the kind set out in Section 15.1 on the part of the Issuing House(s), the IPA or Euroclear Sweden, no penalty interest shall apply, in which case the rate of interest which applied to the relevant Loan on the relevant due date shall apply instead.

## **8. LISTING ON REGULATED MARKET**

If listing is specified in the relevant Final Terms for a Loan, the Issuer shall apply to list the Loan at the specified listing venue. As long as such Loan amount is outstanding, but not beyond the Maturity Date (or Extended Maturity Date, if applicable) or the last day on which the listing reasonably can, pursuant to the then applicable regulations, subsist, the Issuer shall take such practicably possible measures that may be required to maintain the listing at the specified listing venue or any other Regulated Market.

## **9. REPURCHASE OF COVERED BONDS**

The Issuer may repurchase Covered Bonds at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Covered Bonds owned by the Issuer may be retained, resold or cancelled at the Issuer's discretion.

## **10. BONDHOLDERS' MEETING**

10.1 The Administrative Agent may and, at the request of another Issuing House with respect to a specific Loan, the Issuer or Bondholders that at the time of such request represent at least ten (10) per cent. of the Adjusted Loan Amount under a particular Loan (such a request can only be made by Bondholders entered in the securities register on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Bondholders, be made jointly), shall, convene a Bondholders' Meeting for the Bondholders under the relevant Loan.

10.2 The Administrative Agent shall convene a Bondholders' Meeting by sending notice of this to each Bondholder within five (5) Business Days of having received a request from another Issuing House, the Issuer or Bondholders as described in Section 10.1 (or a later date if this is required for technical or administrative reasons).

10.3 The Administrative Agent may refrain from convening a Bondholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Bondholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.

- 10.4 The notice of the meeting described in Section 10.2 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set out in precise detail. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 10.5 The Bondholders' Meeting shall be held on a date that is between ten (10) and thirty (30) Business Days after the date of the notice of the meeting. Bondholders' Meetings for several Loans under the Covered Bond Programme may be held on the same occasion.
- 10.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Bondholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Bondholders voting without attending the meeting in person.
- 10.7 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman unless the Bondholders' Meeting decides differently. Board members, the chief executive officer and other senior officials of the Issuer as well as the Issuer's auditors and advisors have the right to participate at the Bondholders' Meeting in addition to the Bondholders and their representatives and advisors. A transcript of the debt register (*skuldbok*) that is kept by Euroclear Sweden and relevant for determining Bondholders eligible to exercise voting rights shall be available at the Bondholders' Meeting. The chairman shall compile a list of present Bondholders with voting rights that includes information on the share of the Adjusted Loan Amount that each Bondholder represents ("**voting list**"). The voting list shall be approved by the Bondholders' Meeting. Only persons who on the Record Date for the Bondholders' Meeting were Holders, or who have been authorised in accordance with Section 11 (*Right to act on behalf of Bondholders*) by persons who were Bondholders on the Record Date, may exercise voting rights at the Bondholders' Meeting, provided that the relevant Covered Bonds are included in the Adjusted Loan Amount, and only such Bondholders and authorised persons, as applicable, shall be included in the voting list.
- 10.8 The chairman shall ensure that minutes are kept at the Bondholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman and at least one person appointed at the Bondholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall be available at the Issuer's website no later than five (5) Business Days after the Bondholders' Meeting. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to Euroclear Sweden by the Administrative Agent or by any party appointed by the Administrative Agent.
- 10.9 Decisions on the following matters require the approval of Bondholders representing at least ninety (90) per cent of that part of the Adjusted Loan Amount for which Bondholders are voting under the relevant Loan at the Bondholders' Meeting:
- (a) a change of Maturity Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified Currency of the Loan;
  - (b) a transfer by the Issuer of its rights and obligations under the Loan;
  - (c) a change to the terms of this Section 10 (*Bondholders' Meeting*); and
  - (d) a mandatory exchange of Covered Bonds for other securities.
- 10.10 Matters that are not covered by Section 10.9 require the approval of Bondholders representing more than fifty (50) per cent of that part of the Adjusted Loan Amount for which Bondholders are voting

under the relevant Loan at the Bondholders' Meeting. This includes, but is not limited to, changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Section 12 (*Changes to terms, etc.*)).

- 10.11 A Bondholders' Meeting is quorate if Bondholders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in Section 10.9 and otherwise twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or by telephone (or are present via an authorised representative).
- 10.12 If a Bondholders' Meeting is not quorate the Administrative Agent shall convene a new Bondholders' Meeting (in accordance with Section 10.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Bondholders' Meeting. The requirement of a quorum in Section 10.11 shall not apply at such new Bondholders' Meeting.
- 10.13 A decision at a Bondholders' Meeting that extends obligations or limits rights of the Issuer or an Issuing House under the Conditions shall also require the approval of the party concerned.
- 10.14 A Bondholder that holds more than one Covered Bond is not required to vote for all the Covered Bonds it holds and is not required to vote in the same way for all the Covered Bonds it holds.
- 10.15 The Issuer may not, directly or indirectly, pay or contribute to payment being made to any Bondholder in order that this Bondholder will give its approval under the Conditions unless such payment is offered to all Bondholders that give their approval at a relevant Bondholders' Meeting.
- 10.16 A decision made at a Bondholders' Meeting is binding on all Bondholders under the relevant Loan irrespective of whether they are represented at the Bondholders' Meeting. Bondholders that do not vote for a decision shall not be liable for losses that the decision causes to other Bondholders.
- 10.17 The Administrative Agent's reasonable costs and expenses occasioned by a Bondholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 10.18 At the Administrative Agent's request, the Issuer shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Covered Bonds held by members of the Group on the relevant Record Date prior to a Bondholders' Meeting, irrespective of whether such entities are registered by name as Bondholders of Covered Bonds. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Covered Bond is held by a member of the Group.
- 10.19 Information on decisions taken at a Bondholders' Meeting shall be notified without delay to the Bondholders under the relevant Loan by means of a press release, on the Issuer's website and in accordance with Section 14 (*Notices*). At the request of a Bondholder the Administrative Agent shall provide the Bondholder with minutes of the relevant Bondholders' Meeting. However, failure to notify the Bondholders as described above shall not affect the validity of the decision.

## **11. RIGHT TO ACT ON BEHALF OF BONDHOLDERS**

- 11.1 If a party other than a Bondholder wishes to exercise a Bondholder's rights under the Conditions or to vote at a Bondholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Bondholder or a chain of such proxy forms and/or authorisation documents from the Bondholder.
- 11.2 A Bondholder may authorise one or more parties to represent the Bondholder in respect of certain or all Covered Bonds held by the Holder. Such authorised party may act independently and is entitled to delegate its right to represent the Bondholder.

**12. CHANGES TO TERMS, ETC.**

- 12.1 The Issuer and the Dealers may agree on adjustments to correct any clear and manifest error in these General Terms and Conditions.
- 12.2 The Issuer and the Administrative Agent may agree on adjustments to correct any clear and manifest error in the Final Terms of a particular Loan. The Issuer and the Issuing House(s) may agree to amend the Conditions provided that such amendment is not detrimental to the Bondholders.
- 12.3 A new dealer may be engaged by agreement between the Issuer and the dealer in question and the Dealers. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a particular Loan may not step down unless a new Administrative Agent is appointed in its place.
- 12.4 The Issuer, the Dealers and the IPA may agree to replace the IPA with another Account Operator as issuing and paying agent.
- 12.5 Amendments to or concession of Conditions in cases other than as set out in Sections 12.1–12.3 shall take place through a decision at a Bondholders' Meeting as described in Section 10 (*Bondholders' Meeting*).
- 12.6 Approval at a Bondholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 12.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with Euroclear Sweden (where relevant) and published on the Issuer's website.
- 12.8 The amendment or concession of terms as described in this Section 12 (*Changes to terms, etc.*) shall be promptly notified by the Issuer to the Bondholders in accordance with Section 14 (*Notices*).

**13. PRESCRIPTION**

- 13.1 Claims for the repayment of principal shall be prescribed and become void ten years after the Maturity Date or, if occurred, the Extended Maturity Date. Claims for the payment of interest shall be prescribed and become void three years after the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.
- 13.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

**14. NOTICES**

- 14.1 Notices shall be provided to Bondholders for the relevant Loan at the address registered with Euroclear Sweden on the Business Day before dispatch. A notice to the Bondholders shall also be published by means of a press release and published on the Issuer's website.
- 14.2 Notices to the Issuer or the Dealers shall be provided at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Record Date before dispatch.
- 14.3 A notice to the Issuer or Bondholders in accordance with the Conditions that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and

notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.

- 14.4 In the event that a notice is not sent correctly to a certain Bondholder the effectiveness of notices to other Bondholders shall be unaffected.

**15. LIMITATION OF LIABILITY ETC.**

- 15.1 With regards to the obligations imposed on the Dealers, the IPA and Euroclear Sweden, respectively, the Dealers, the IPA and Euroclear Sweden, as applicable, shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 15.2 Losses arising in other cases shall not be compensated by a Dealer, the IPA or Euroclear Sweden if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.
- 15.3 Should a Dealer, the IPA or Euroclear Sweden not be able to fulfil its obligations under these Conditions due to any circumstance set out in Section 15.1, such action may be postponed until the obstacle has been removed.
- 15.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act.

**16. APPLICABLE LAW AND JURISDICTION**

- 16.1 The Conditions shall be governed by Swedish law.
- 16.2 Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

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We hereby confirm that the above General Terms and Conditions are binding upon us.

Stockholm 9 August 2017

DANSKE HYPOTEK AB (publ)

## FORM OF FINAL TERMS

### FINAL TERMS

#### for Loan No. [•] under Danske Hypotek AB (publ)'s Programme for Continuous Issuance of Covered Bonds

The following are the final terms and conditions (“**Final Terms**”) of Loan No. [•], (the “**Loan**”) that Danske Hypotek AB (publ) (the “**Issuer**”) issues in the capital market in accordance with an agreement with the below mentioned Issuing House(s).

The Loan shall be subject to the general terms and conditions dated 9 August 2017 (the “**General Terms and Conditions**”) set out in the Issuer’s base prospectus for continuous issuance of Covered Bonds, dated 2 July 2020 (the “**Prospectus**”) [as supplemented on [•]], and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and must be read in conjunction with the Prospectus [as supplemented]. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Prospectus [as supplemented] and any documents incorporated therein by reference. These documents are available via [www.danskehypotek.se](http://www.danskehypotek.se).

#### Terms and conditions for the Loan

1.	<b>Loan no:</b>	[•]
2.	<b>Total Nominal Amount/Continuous issuance:</b>	[•] [Covered Bonds issued under this Loan shall be sold continuously at the prevailing market price. The Total Nominal Amount shall be determined when the sale of Covered Bonds is closed.]
3.	<b>Nominal Amount per Covered Bond:</b>	[•]
4.	<b>Currency:</b>	[SEK] [EUR]
5.	<b>Interest Commencement Date:</b>	[Issue Date] [ <i>Specify other Interest Commencement Date</i> ]
6.	<b>Trade Date:</b>	[•]
7.	<b>Issue Date:</b>	[•]
8.	<b>Maturity Date:</b>	[•]
9.	<b>Extended Maturity Date:</b>	[Applicable] [Not Applicable] [ <i>May be specified as applying only if Euroclear Sweden has confirmed that the Extended Maturity Date provisions are compatible with the Euroclear Sweden system. If not applicable, delete the remaining sections of this subparagraph.</i> ]  [The Extended Maturity Date is [ <i>specify date</i> ][, subject to adjustment in accordance with Section 4.1]  [ <i>If applicable, complete relevant sections regarding interest, in relation to the period from (but excluding) the Maturity date to (and including) the Extended Maturity Date.</i> ]
10.	<b>Repayment Basis:</b>	Each Covered Bond is repaid at par (i.e. at an amount equal to its Nominal Amount)

11.	<b>Interest Base:</b>	[Fixed interest rate] [Floating interest rate]
12.	<b>Day Count Convention:</b>	[30/360] [actual number of days/360]

13.	<b>Additional terms and conditions for Loans with fixed interest rate</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
13.1	<b>Interest Rate:</b>	[[•] % per annum]
13.2	<b>Interest Payment Date(s):</b>	[•] (subject to Section [4.3] of the General Terms and Conditions)
13.3	<b>Specific risk factors:</b>	[In accordance with the risk factor “The value of fixed rate Covered Bonds may be adversely affected by movements in market interest rates” in the Prospectus.]

14.	<b>Additional terms and conditions for Loans with floating interest rate</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
14.1	<b>Interest Base:</b>	[•] month(s) [STIBOR] [EURIBOR]
14.2	<b>Margin:</b>	[+/-][•] percentage points
14.3	<b>Minimum Interest Rate:</b>	[[•] % per annum] [Not applicable]
14.4	<b>Maximum Interest Rate:</b>	[[•] % per annum] [Not applicable]
14.5	<b>Interest Determination Date:</b>	[Two] Banking Days prior to the first day of each Interest Period, beginning on [•]
14.6	<b>Interest Period:</b>	The first Interest Period runs from [•] to and including [•], and thereafter from one Interest Payment Date to and including the next Interest Payment Date
14.7	<b>Interest Payment Date(s):</b>	[•] (subject to Section [4.3] of the General Terms and Conditions)
15.	<b>Additional terms and conditions for Loans with Extended Maturity Date</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
15.1	<b>Interest Base from (but excluding) the Maturity date to (and including) the Extended Maturity Date:</b>	[•] month(s) [STIBOR] [EURIBOR]
15.2	<b>Margin from (but excluding) the Maturity date to (and including) the Extended Maturity Date:</b>	[+/-][•] percentage points
15.3	<b>Interest Determination Date from (but excluding) the Maturity date to (and including) the Extended Maturity Date:</b>	[Two] Banking Days prior to the first day of each Interest Period, beginning on [•]
15.4	<b>Interest Period from (but excluding) the Maturity date to (and including) the Extended Maturity Date:</b>	The first Interest Period runs from [•] to and including [•], and thereafter from one Interest Payment Date to and including the next Interest Payment Date
15.5	<b>Interest Payment Date(s) from (but excluding) the Maturity date to</b>	[•] (subject to Section [4.3] of the General Terms and Conditions)

	<b>(and including) the Extended Maturity Date:</b>	
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#### Other information

16.	<b>Credit rating:</b>	[•]
17.	<b>Issuing House(s):</b>	[Danske Bank A/S, Danmark, Sverige Filial] [Nordea Bank Abp] [Skandinaviska Enskilda Banken AB (publ)] [Svenska Handelsbanken AB (publ)] [Swedbank AB (publ)] [•]
18.	<b>Administrative Agent:</b>	[Danske Bank A/S, Danmark, Sverige Filial] [Nordea Bank Abp] [Skandinaviska Enskilda Banken AB (publ)] [Svenska Handelsbanken AB (publ)] [Swedbank AB (publ)] [•]
19.	<b>ISIN code:</b>	[•]
20.	<b>Listing:</b>	[Not applicable] [Nasdaq Stockholm] [ <i>Specify other Regulated Market</i> ]
21.	<b>The earliest date on which the Covered Bonds will be admitted to trading:</b>	[ <i>Specify details</i> ] [Not applicable]
22.	<b>Estimate of the total expenses related to the admission to trading:</b>	[ <i>Specify details</i> ] [Not applicable]
23.	<b>Total number of Covered Bonds admitted to trading:</b>	[Specify increased number of Covered Bonds (where relevant) and total number of Covered Bonds] [Will be determined when the sale of Covered Bonds is closed.]
24.	<b>Resolutions as basis for the issuance:</b>	[ <i>Specify details</i> ] [Not applicable]
25.	<b>Interests:</b>	[ <i>Specify details</i> ] [Not applicable]  [ <i>If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.</i> ]
26.	<b>Information from third parties:</b>	[Information in these Final Terms originating from third parties has been reproduced accurately and, as far as the Issuer knows and can ascertain based on comparisons with other information published by relevant third parties, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading. The sources for such information are [•].] [Not applicable]
27.	<b>The use of the proceeds</b>	[General financing of the Issuer's and the Group's business activities]/[ <i>Specify</i> ]
28.	<b>The estimated net amount of the proceeds</b>	[SEK]/[EUR] [•] less customary transaction costs and fees

We hereby confirm that the above Final Terms are applicable to Loan No. [•] together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any



material event after the date of the Prospectus that could affect the market's assessment of the Loan have been made public.

Stockholm, [•]

DANSKE HYPOTEK AB (publ)

## DESCRIPTION OF THE ISSUER

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### Introduction

The legal and commercial name of the Issuer (Reg. No. 559001-4154, LEI Code 549300R4NNCTGT7CW53) is Danske Hypotek AB (publ). The Issuer was formed on 20 January 2015 and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 23 January 2015. The Issuer's principal place of business is in Stockholm, Sweden, its registered address is Box 7523, 103 92 Stockholm, Sweden, and its visiting address is Norrmalmstorg 1, 103 92 Stockholm, Sweden. The Issuer's telephone number is +46 (0)752-480000. The Issuer's website is [www.danskehypotek.se](http://www.danskehypotek.se). The information on the Issuer's website or any other website is not part of this Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Prospectus. The present share capital of the Issuer is SEK 50,000,000 represented by 500,000 shares. Each share has a quota value of SEK 100.

The Issuer is a wholly-owned subsidiary of Danske Bank A/S and has been established primarily for the purpose of managing the Group's issuance of covered bonds in the Swedish covered bonds market. On 26 June 2017, the Issuer was granted a licence by the SFSA to conduct financing business as a credit market company as well as a licence to issue covered bonds under the Covered Bonds Act. The Issuer has been rated A by S&P and A by NCR. S&P and NCR are both established in the European Union and registered under the CRA Regulation.

Of the six members of the Issuer's board of directors, five members are senior executives of the Group and one member is an independent member. The Swedish Banking and Finance Business Act regulates certain related-party transactions between the Issuer and Danske Bank A/S.

### Relevant legislation and supervision

The Issuer is a public limited liability company (*publikt aktiebolag*) regulated by the Swedish Companies Act (*Aktiebolagslagen (2005:551)*).

The Issuer undertakes financing operations as a credit market company and is therefore governed by the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*).

The issuance of Covered Bonds is regulated by the Swedish Covered Bonds Act.

In addition, the Swedish Supervision of Credit and Investment Institutions Act (*Lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*Lag (2014:966) om kapitalbuffertar*) set forth certain requirements concerning capital adequacy, which are based on the Bank for International Settlements regulations and European Union capital requirements, including the CRD IV as amended by CRD V.

The Issuer's operations are under the supervision of the SFSA.

### Principal activity

The Issuer's principal activity is to acquire Swedish mortgages from the Swedish Branch, which are secured by security over Swedish real property (*fastigheter*), site leasehold rights (*tomträtter*) and tenancy rights (*bostadsrätter*) and to fund such activity with the continuous issuance of covered bonds in the Swedish benchmark-market and covered bonds in the international capital market (under two separate programmes). The acquired mortgages will be included in the Issuer Cover Pool and must fully or in part comply with the requirements under the Covered Bonds Act. The Issuer may also hold Supplemental Assets and Public Credits (both as defined in the section "*Description of the Swedish Covered Bond Legislation*" below) in the Issuer Cover Pool which can be used as supplemental security in accordance with the Covered Bonds Act.

In addition to acquiring mortgage loans originated by the Swedish Branch, the Issuer may, in the future, originate its own Swedish mortgage loans as an original lender.

The Issuer will not receive deposits from the public.

### Business strategy and funding structure

#### *Acquisition of mortgage assets*

The Issuer will, as Danske Bank A/S's outstanding covered bonds backed by Swedish mortgage loans mature, gradually seek to acquire such mortgage loans for the purpose of including them in the Issuer Cover Pool.

The acquisition of mortgage loans will occur on a continuous basis, as the Swedish Branch originates new mortgage customers in Sweden.

In a first phase, the Issuer acquires residential mortgage loans to private individuals (related to the Swedish Branch's personal banking portfolio). In a subsequent phase, the Issuer intends to acquire mortgage loans to corporate owners of residential multi-family properties (related to the Swedish Branch's business banking portfolio).

#### *Junior credit facility agreement between the Parent and the Issuer*

To enable the Issuer to finance the purchases of mortgage loans, from the Swedish Branch, for the funding of maturing Covered Bonds, for providing liquidity for interest payments and for general corporate purposes, the Parent has made available to the Issuer a junior credit facility, which, according to the Subordination Agreement mentioned below, is subordinated to all claims of unsubordinated creditors of the Issuer. The junior credit facility has a credit period exceeding 12 months. The Parent has the right to terminate the facility with immediate effect if certain events of default occur.

#### *Subordination Agreement*

For the purposes of managing subordination in respect of certain joint collateral, securing debt of both the Issuer and the Parent, the Issuer and the Parent have entered into a subordination agreement dated 25 July 2017. The subordination agreement provides that in relation to claims as to proceeds from enforcement of joint collateral, the Parent's claim are subordinated to the Issuer's claims, for as long as the Issuer has any outstanding claims which are secured by joint collateral. In addition, the subordination agreement provides that in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, all the Parent's claims against the Issuer, other than claims of the Parent in its capacity as holder of covered bonds or as counterparty under covered swaps (as defined in the Covered Bonds Act), are subordinated to all claims of unsubordinated creditors of the Issuer, but rank ahead of any other claims of subordinated creditors of the Issuer.

#### *Outsourcing Agreement*

For achieving efficiency within the Group and for the Issuer, the Issuer and Parent have agreed that the Parent as service provider shall provide most of the services needed for the Issuer to be able to carry out its business operations. The services include, amongst others, IT-services, administration of mortgage loans, accounting, regulatory reporting, liquidity management, funding (issuance of covered bonds), risk management, compliance, legal and internal audit. An outsourcing agreement was entered into on 25 July 2017 between the Issuer and the Parent.

The outsourcing agreement provides that the Parent shall ensure that the Issuer Cover Pool is administrated in accordance with the provisions of the Covered Bonds Act and SFSA Regulations (as defined in the section "Description of the Swedish Covered Bond Legislation" below).

#### *Derivative arrangements*

The Issuer and the Parent have and will enter into interest rate and currency swap transactions governed by an ISDA Master Agreement (including a schedule and confirmation(s)), and the Issuer may enter into additional interest rate and currency swap transactions with the Parent or other third party counterparties (in such capacity, each, a "**Cover Pool Swap Provider**"), in respect of the assets registered in the Issuer Cover Pool (each a "**Cover Pool Swap**"). The Cover Pool Swaps enable the Issuer to convert SEK fixed interest payments received by the Issuer on assets registered to the Issuer Cover Pool into floating payments linked to 3-month STIBOR, and to convert SEK fixed interest payments (or cash flows denominated in foreign currencies) paid by the Issuer on bond issues or other liabilities registered to the Issuer Cover Pool into floating payments linked to 3-month STIBOR.

In addition to the Cover Pool Swaps, the Issuer has entered into, and the Issuer may enter into additional, interest rate and currency swap transactions which are of a similar nature but not relating to the Issuer Cover Pool.

#### **Principal shareholder**

The Issuer is a wholly-owned subsidiary of the Parent, and the Issuer is not aware of any events or other circumstances that could result in a change of control over the Issuer.

### Dependency on the Parent

As follows from the sub-section “*Business strategy and funding structure*”, the Parent will be the seller of mortgage loans and will provide credit to the Issuer. The Parent will also manage the main part of the Issuer’s operations through outsourcing. The Issuer will thus be dependent on the Parent to be able to conduct its business.

### Board of Directors

The board of directors of the Issuer consists of six members re-elected at the general meeting on 27 March 2020 of the shareholders.

Name	Position	Board member since
Glenn Söderholm	Chairman	2018
Robert Wagner	Member	2018
Kim Borau	Member	2018
Carsten Nøddebo Rasmussen	Member	2017
Anneli Adler	Member	2019
Kristina Alvendal	Member	2020

#### *Glenn Söderholm*

**Other on-going principal assignments:** Member of the Executive Leadership Team and Head of Banking Nordic at the Parent.

#### *Robert Wagner*

**Other on-going principal assignments:** Head of Group Financial Steering at the Parent.

#### *Kim Borau*

**Other on-going principal assignments:** Head of Performance Management, Banking Nordic at the Parent.

#### *Carsten Nøddebo Rasmussen*

**Other on-going principal assignments:** Chief Executive Officer of Realkredit Danmark A/S.

#### *Anneli Adler*

**Other on-going principal assignments:** Co-Head of Retail Banking SE at the Swedish Branch.

#### *Kristina Alvendal*

**Other on-going principal assignments:** Board member in Belatchew Arkitekter AB, AF Gruppen ASA, Svefa AB, AB Salktennis and Intea Fastigheter AB (publ).

### Senior Management

The senior management of the Issuer consists of Per Tunestam, Managing Director since 2016, Tomas Renger, Treasurer since 2017, Peter Jönsson, CFO since 2017, Joakim Olsson, Head of Credit since 2017, and Malin Hägglund, COO since 2020.

### Business address

The address for all members of the board of directors and members of the senior management is c/o Danske Hypotek AB (publ), Box 7523, 103 92 Stockholm, Sweden.

### Auditors

Deloitte AB (113 79 Stockholm) has been the Issuer’s auditor since 22 February 2016 and Patrick Honeth is auditor in charge since 22 February 2016. Patrick Honeth is an authorised public accountant and a member of FAR, the professional institute for accountants in Sweden.

### Conflicts of interest

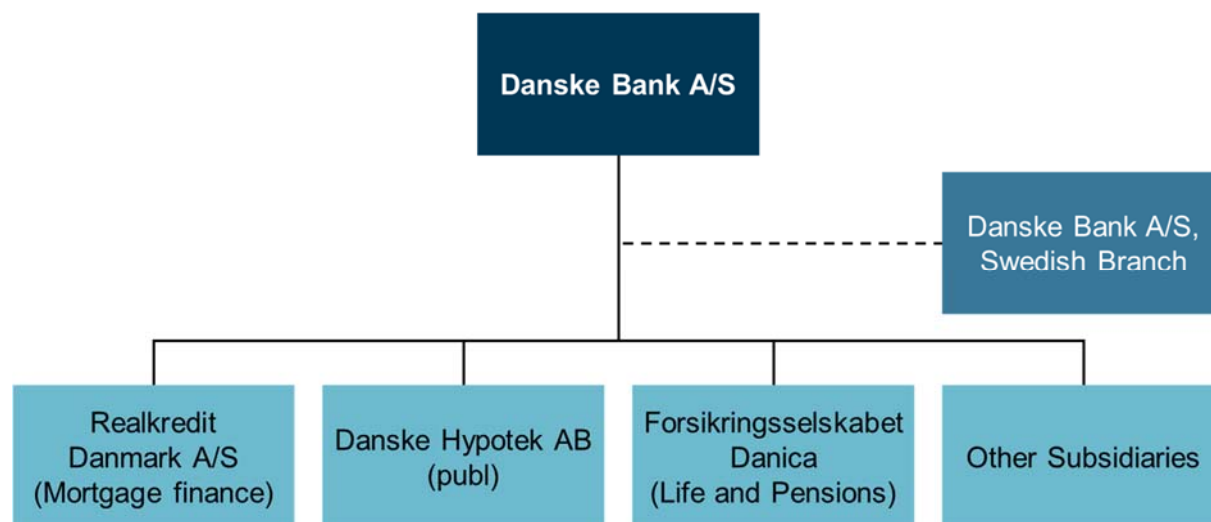
As far as the board of directors is aware, no member of the board of directors or any member of the senior management have any private interests or other duties that could conflict with their duties to the Issuer. However,

the individuals in the board of directors (except for Kristina Alvendal) hold similar senior positions in other Group companies, and the risk of conflicts of interest among the Group companies can thus not be excluded. However, such risk should be modest, since the Issuer's main purpose is to acquire Swedish mortgage loans from the Parent and fund them through the issuance of covered bonds, thus providing the Group with funding of its Swedish mortgage assets.

## DESCRIPTION OF THE GROUP

The Issuer forms part of the Group. The parent company of the Group is Danske Bank A/S (the “**Parent**”). The Parent was founded in Denmark and registered on 5 October 1871 and has, through the years, merged with a number of financial institutions. The Parent is a commercial bank with limited liability and carries on business under the Danish Financial Business Act (Consolidated Act No. 174 of 31 January 2017, as amended (*Lov om finansiel virksomhed*)). The Parent is registered with the Danish Business Authority and is under the supervision of the DFSA. The registered office of the Parent is at 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark, with telephone number +45 33 44 00 00 and Danish corporate registration number 61126228.

The Parent is conducting its lending operations in Sweden through the Swedish Branch. The structure of the Group is set out in the structure chart below.



The Group is one of the largest financial service providers in the Nordic region measured by total assets as at 31 December 2019. The Group offers its customers a wide range of services that, depending on the market, include services in banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. Danske Bank is the largest bank in Denmark (source: the DFSA), is one of the larger banks in Finland and Northern Ireland, and has challenger positions in Sweden and Norway. As at 31 December 2019, the Group’s total assets amounted to DKK 3,761 billion (approximately EUR 503.5 billion) and the Group employed 22,006 full-time equivalent employees. As at the same date, the Group had approximately 3.3 million customers and approximately 2.5 million customers used the Group’s online services. The Group had 221 branches as at 31 December 2019. The Group has five business units, a Non-core unit and Other Activities. The five business units consist of: (i) Banking DK, (ii) Banking Nordic, (iii) Corporates & Institutions, (iv) Wealth Management and (v) Northern Ireland.

### Litigations

The Parent has conducted detailed and thorough money laundering investigations into the former so-called “non-resident portfolio” in the Parent’s Estonian Branch covering the period 2007-2015. The investigations were mandated by the Parent’s Board of Directors and led by external Danish legal counsel. On 19 September 2018 the Parent made public the conclusions from the investigations.

Owing to its business volume, the Parent is continually a party to various lawsuits and disputes and has an on-going dialogue with public authorities such as the DFSA. In particular, the investigations and events that took place in the Estonian branch are being discussed with the DFSA, the Danish State Prosecutor for Serious Economic and International Crime (“**SØIK**”) and other public authorities such as the Estonian Financial Supervisory Authority (“**Estonian FSA**”) the U.S. Department of Justice (the “**DOJ**”) and the U.S. Securities and Exchange Commission (the “**SEC**”), the Tribunal de Grande Instance de Paris and the Eastern High Court.

Reference is made to “*The Issuer is dependent upon other Group companies and their business*” and “*The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks*”.

## SUMMARY OF THE SWEDISH COVERED BOND LEGISLATION

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The following is a brief summary of certain features of the Covered Bonds Act as of the date of this Prospectus. The summary does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. In addition to the summary below, please also refer to the section “*Risk Factors*” on pages 8-18 above.

### Introduction

The Covered Bonds Act entered into force on 1 July 2004 and was last amended in 2018 through SFS 2018:814 (*Lag om ändring i lagen (2003:1223) om utgivning av säkerställda obligationer*). The Covered Bonds Act enables Swedish banks and credit market companies (“**Institutions**”), which have been granted a specific licence by the SFSA, to issue full-recourse debt instruments secured by a pool of mortgages and/or public sector credits.

The SFSA has issued regulations and recommendations under the authority conferred on it by the Covered Bonds Act, including the SFSA’s regulations and general guidelines regarding covered bonds (Sw. *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2013:1)*) as amended from time to time (the “**SFSA Regulations**”).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper. In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the pool with those of the covered bonds) benefit from a priority right in the pool of assets consisting of Eligible Mortgages, Public Credits and Supplemental Assets (all as defined below) (the “**Cover Pool**”). The Covered Bonds Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution’s bankruptcy, subject to certain conditions being met. The Cover Pool is dynamic in the sense that an Institution may supplement or substitute assets in the Cover Pool at any time.

### Registration

Information in respect of all covered bonds, assets in the Cover Pool and relevant derivative contracts must be entered into a special register (the “**Register**”), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the Cover Pool. Further, only assets entered into the Register form part of the Cover Pool.

The Register must at all times show the nominal value of the covered bonds, the Cover Pool and the relevant derivative contracts. As a result, the Register requires regular updating, including, without limitation due to changes in interest rates, interest periods, outstanding debt and the composition of the Cover Pool. The value of the underlying collateral securing the Eligible Mortgages in the Cover Pool must also be entered into the Register.

### Eligibility criteria for assets in the Cover Pool

The Cover Pool may consist of certain Eligible Mortgages, Public Credits and Supplemental Assets in accordance with the definitions below.

“**Eligible Mortgages**” means loans secured by (i) mortgages over real property (*fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (*tomträtter*) intended for residential, office or commercial purposes, (ii) pledges over tenant-owner rights (*bostadsrätter*), or (iii) comparable security interests over equivalent assets situated in other countries within the European Economic Area.

“**Public Credits**” means certain loans to (or guaranteed by), among others, the Swedish State, Swedish municipalities and comparable public bodies and the European Union.

“**Supplemental Assets**” means primarily government bonds and cash, although the SFSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as Supplemental Assets.

### Loan-to-value ratios and certain other restrictions

For Eligible Mortgages, there is a maximum loan amount which may be included in the Cover Pool, depending on the value of the underlying collateral:

1. For residential collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 75 per cent. of the market value of the collateral.

2. For agricultural collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 70 per cent. of the market value of the collateral.
3. For office or commercial collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 60 per cent. of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the Cover Pool (a “**Partly Eligible Loan**”). The Covered Bonds Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan.

The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an Institution and only one of these loans is included in the Cover Pool. The Covered Bonds Act does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the Institution’s bankruptcy. The lack of guidance may give room for unsecured creditors of the Institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the Cover Pool.

The Covered Bonds Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent. of an Institution’s Cover Pool.

Furthermore, the proportion of Supplemental Assets may not exceed 20 per cent. of the Cover Pool, although the SFSA has the authority to raise this limit to 30 per cent. for a limited period in special circumstances.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the Cover Pool and at least once a year analyse how future changes in market values may affect the loan-to-value ratios and the value of all such mortgage assets. If the market value of a mortgage asset declines significantly (15 per cent. or more according to the preparatory works to the Covered Bonds Act), then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the Cover Pool and will be subject to the priority right described below. However, a decline in the market value following an Institution’s bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the Cover Pool ceasing to meet the matching requirements.

### **Matching requirements**

The Covered Bonds Act prescribes that an Institution must comply with certain matching requirements, which, among other things, require that the nominal value of the assets registered to the Cover Pool exceeds the nominal value of liabilities which relate to covered bonds issued from time to time by at least 2 per cent. The calculation shall be made on the basis of current book values. In order to comply with these requirements, the Institution may enter into derivative contracts. The present value of the derivative contracts shall be included when determining whether the present value of the Cover Pool exceeds the present value of the liabilities relating to Covered Bonds. The Institution is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

Furthermore, an Institution must compose the Cover Pool in such a way as to ensure a sound balance between the covered bonds and the assets in the Cover Pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the Cover Pool at all times exceeds the present value of the liabilities relating to the covered bonds by at least 2 per cent. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

The payment flows relating to the assets in the Cover Pool, derivative contracts and covered bonds shall be such that an Institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

Non-performing assets in the Cover Pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.



### **Supervision by the SFSA and the independent monitor**

The SFSA monitors that an Institution complies with the Covered Bonds Act and other provisions of the legislative and regulatory framework which regulates the business of the Institution. In addition, the SFSA appoints an independent monitor (*oberoende granskare*) for each Institution that issues covered bonds.

The independent monitor is responsible for monitoring the Register to assess whether or not it is being maintained correctly and in compliance with the Covered Bonds Act and the SFSA Regulations. The monitoring shall be risk-based. In particular, the independent monitor shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only loans and Supplemental Assets that satisfy the eligibility criteria are included in the Cover Pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the Cover Pool are in accordance with the Covered Bonds Act and the SFSA Regulations, (iv) mortgage loans, the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the Cover Pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with. In addition, the independent monitor shall annually review revaluations by the institution of the underlying collateral.

The independent monitor is entitled to request information from the Institution, conduct site visits and is required to report regularly and at least once a year to the SFSA. The Covered Bonds Act does not provide for any change to the independent monitor's remit upon the bankruptcy of an Institution.

### **Benefit of a priority right in the Cover Pool**

Pursuant to the Covered Bonds Act and the Rights of Priority Act, the holders of covered bonds benefit from a priority right in the Cover Pool should the Institution be declared bankrupt (*försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the Cover Pool with those of the covered bonds. Such derivative counterparties and the holders of the covered bonds rank *pari passu* with joint seniority in relation to the Cover Pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the Cover Pool (except the administrator-in-bankruptcy as regards fees for its administration of assets in the Cover Pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in-bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the Cover Pool (see further below)). The priority right also covers cash received by an Institution and deriving from the Cover Pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight by the legislator, there is some uncertainty as to whether a creditor that obtains execution (*utmätning*) against an asset in the Cover Pool more than three months before an Institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the Institution is being declared bankrupt will typically not defeat the priority, since such execution may be voided by the administrators-in-bankruptcy.

### **Administration of the Cover Pool in the event of bankruptcy**

Should an Institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the SFSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the Cover Pool.

Provided that (and as long as) the Cover Pool meets the requirements of the Covered Bonds Act (including the matching requirements), the assets in the Cover Pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to the holders of covered bonds or to derivative counterparties, so long as the Cover Pool continues to meet the requirements of the Covered Bonds Act.

Upon an Institution's bankruptcy, neither the Institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Covered Bonds Act gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintaining matching cash flows, currencies, interest rates and interest periods between assets in the Cover Pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The administrators-in-bankruptcy may also raise liquidity by selling assets in the Cover Pool in the market for example.

If the Cover Pool ceases to meet the requirements of the Covered Bonds Act, and the deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the Cover Pool (although certain bankruptcy-related costs (such as fees payable to the administrators-in-bankruptcy) would rank ahead of the holders of covered bonds and derivative counterparties). Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Institution.

#### **Directive on covered bonds**

The European Union's covered bond directive and regulation came into effect on 7 January 2020 (although there will be a maximum 30 month transposition period after the effective date for the new directive and the new regulation will become applicable during July 2022). Among other things, the European Union's covered bond directive lays down the conditions that covered bonds have to meet in order to be recognised under European Union law, aiming to strengthen investor protection in the European Union by imposing specific supervisory duties. Certain changes will likely be made to the Act on Covered Bonds and the SFSA Regulations, but no draft legislation for the Swedish implementation of the European Union's covered bond directive has yet been presented. Hence, it is still unclear how the European Union's covered bond directive will affect the Swedish legislation governing covered bonds.

## LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

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### Information about the Prospectus

The Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129 (the Prospectus Regulation). The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This Prospectus is valid for twelve months after the date of the approval of the Prospectus. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

### Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Covered Bond Loans and the performance of its obligations relating thereto. The decision to establish the Programme was passed by the Issuer's board of directors on 14 July 2017 and this Prospectus was approved by the board of directors of the Issuer on 15 June 2020 and approved by the SFSA on 2 July 2020.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import. The Dealers and the Arranger have not verified the content in this document and are thus not responsible for the information presented in the Prospectus.

Information in the section "*Description of the Group*" originating from the DFSA has been reproduced accurately and, as far as the Issuer knows and can ascertain based on comparisons with other information published by the DFSA, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading.

### Material contracts

Other than as described under the section "*Description of the Issuer*" and its sub-section "*Business strategy and funding structure*" above, the Issuer has not concluded any material contracts not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders.

### Legal Proceedings

There are no governmental, legal or arbitration proceedings against or affecting the Issuer (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering the previous twelve months which may have, or have had in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer.

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. The Group's banking and other operations, including its insurance operations, like those of other financial services companies, have been the subject of regulatory scrutiny from time to time. For example, the Group is subject to applicable anti-money laundering and terrorist financing laws. The supervisory authorities conduct ongoing inspections of the Group's compliance with anti-money laundering legislation that could lead to supervisory actions. See also the risk factor "*Regulatory risks*" above.

### Certain material interests

The Dealers and the Arranger (and any closely related companies to any of them) have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to the Issuer and the Group for which they have received, or will receive, remuneration. In particular, it should be noted that the Parent is the lender under the junior credit facility with the Issuer as borrower and will be repaid with the proceeds from the issuance of covered bonds. Accordingly, conflicts of interest may exist or may arise as a result of any of

the Dealers and the Arranger having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

### **Trend information**

There has been no material adverse change in the prospects of the Issuer since 27 March 2020, being the date of publication of the last audited financial information of the Issuer.

There has been no significant change in the financial performance of the Issuer since 31 December 2019, being the end of the last financial period for which audited financial information has been published, to the date of the Prospectus.

### **Significant Changes since 31 December 2019**

There has been no significant change in the financial position of the Issuer since 31 December 2019, being the end of the last financial period for which audited financial information has been published.

### **Documents incorporated by reference**

The following information has been incorporated into this Prospectus by reference and should be read as part of the Prospectus:

- |                                     |   |
|-------------------------------------|---|
| Annual Report for 2018              | <a href="https://danskehypotek.se/-/media/pdf/danske-hypotek/financial-information/danske-hypotek-ab---annual-report-2018.pdf?rev=75a8b172e54d4c34b223f4e885d310f2&amp;hash=96C2C21289B4F9127B546A29E4B66645">https://danskehypotek.se/-/media/pdf/danske-hypotek/financial-information/danske-hypotek-ab---annual-report-2018.pdf?rev=75a8b172e54d4c34b223f4e885d310f2&amp;hash=96C2C21289B4F9127B546A29E4B66645</a> ) as regards the audited financial information and the audit report on pages 11 ( <i>Income statement</i> ), 12 ( <i>Balance sheet</i> ), 13 ( <i>Statement of changes in equity</i> ), 14-15 ( <i>Cash flow statement</i> ), 16-35 ( <i>Notes</i> ) and 37-39 ( <i>Auditor's report</i> ). |
| Annual Report for 2019              | <a href="https://danskehypotek.se/-/media/pdf/danske-hypotek/danske-hypotek-annual-report-2019.pdf?rev=f60d4e6ddb4d4b88b9664a222b6ed847&amp;hash=E6A41CD00D4FBDC772E4745DBC8772D">https://danskehypotek.se/-/media/pdf/danske-hypotek/danske-hypotek-annual-report-2019.pdf?rev=f60d4e6ddb4d4b88b9664a222b6ed847&amp;hash=E6A41CD00D4FBDC772E4745DBC8772D</a> ) as regards the audited financial information and the audit report on pages 11 ( <i>Income statement</i> ), 12 ( <i>Balance sheet</i> ), 13 ( <i>Statement of changes in equity</i> ), 14-15 ( <i>Cash flow statement</i> ), 16-35 ( <i>Notes</i> ) and 37-39 ( <i>Auditor's report</i> ).   |
| Base Prospectus dated 9 August 2017 | <a href="https://danskehypotek.se/-/media/pdf/danske-hypotek/danske-hypotek-base-prospectus.pdf?rev=17598e1a612f4d5a9f76df03cf16aed6&amp;hash=8B612D80A8846A3DCEA536297DE886B9">https://danskehypotek.se/-/media/pdf/danske-hypotek/danske-hypotek-base-prospectus.pdf?rev=17598e1a612f4d5a9f76df03cf16aed6&amp;hash=8B612D80A8846A3DCEA536297DE886B9</a> ) as regards the information on pages 17-27 ( <i>General terms and conditions for covered bond loans</i> ) and 28-30 ( <i>Form of final terms</i> ).  |

The Issuer's Annual Reports for 2018 and 2019 (the "**Annual Reports**") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Swedish Annual Report Act (*Årsredovisningslag (1995:1554)*). With the exception of the Annual Reports, no information in this Prospectus has been audited or reviewed by the Issuer's auditor.

Parts of the above-mentioned documents that are not incorporated by reference are either addressed in other sections of the Prospectus, or considered to not be relevant for potential investors in the Programme.

### **Documents on display**

Copies of the Issuer's certificate of incorporation and Articles of Association are electronically available at the website of the Issuer ([www.danskehypotek.se](http://www.danskehypotek.se)) for the term of the Prospectus.

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**ADDRESSES**


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